Dart Industries Inc.
1979 Annual Report

Growth

Net Earnings Increase for Ninth Consecutive Year

1979 Net Operating Earnings $149.5 Million; $6.10 Per Share, up 18 Percent

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Dividends

Annual Rate Now at $2.00, Payout in 30-35 Percent Range

Return on Capital

Return Advances to 12.4 Percent from 11.4 Percent

Financial Condition

Balance Sheet Remains Strong, Year-end Cash and Equivalents Total $244 million

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CORPORATION FILE

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Annual Meeting

The Annual Meeting of Stockholders of Dart Industries Inc. will be held at 9 a.m. on Thursday, May 1, 1980, at Corporate Headquarters, 8480 Beverly Boulevard, Los Angeles, California.

For Further Information

General inquiries about Dart Industries or requests for additional Annual Reports, the Form 10-K or other Corporate materials should be made to:

Corporate Communications
Dart Industries Inc.
P.O. Box 3157
Terminal Annex
Los Angeles, California 90051

Company Description

Dart Industries is a diversified, multinational, consumer-oriented Company best known for its *Tupperware* quality plastic food containers, *Duracell* high-performance batteries, *West Bend* cookware and small electric appliances, and *Wilsonart* decorative laminates. The Company is organized into five major operating segments—Direct Selling, P.R. Mallory (Duracell), Consumer Products, Chemical-Plastics and Glass Containers.

Direct Selling

Direct Selling, the largest segment within Dart Industries, is comprised principally of the Tupperware division which operates in more than 30 countries throughout the world. Sales and earnings from this division have more than doubled every five years since 1958, making it the largest direct selling home party organization in the world.

Duracell

The Duracell Worldwide Battery Group, acquired in late 1978, is a leading factor in the growing worldwide high-performance battery market. *Duracell* batteries are used in flashlights, watches, cameras, calculators, smoke alarms, radios, electronic games and many other consumer products.

DURACELL
ALKALINE BATTERY

Consumer Products

West Bend buffet appliances, non-electric cookware and humidifiers are manufactured by the largest division within the Consumer Products segment, whose divisions also manufacture *Thermo-Serv* insulated serving ware and *Syroco* decorative wall accessories. These products are marketed through retail outlets, mass merchandisers, and catalog showrooms.

Chemical-Plastics

The four major areas of the Chemical-Plastics segment include chemical specialties ranging from plastic hose and tubing to plastic and rubber additives and colorants; *Wilsonart* high pressure decorative laminates for residential and commercial construction and remodeling; polystyrene foam containers; and health care products.

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Glass Containers

Thatcher Glass, the fifth segment, is a major United States manufacturer of glass containers for the packaging of beer, beverages and food.

In recent years, Dart Industries' business base has undergone substantial restructuring, as discussed in the Special Report to Stockholders, beginning on page 6.

NOTE: Words printed in *italics* on all pages indicate trademarks.

Year in Brief

Net earnings include $22.2 million unusual gain from sale of heavy chemicals business

Quarterly dividend rate increases from 45 cents to 50 cents per share in 1980; dividend now at indicated annual rate of $2.00

Earnings per share advance 18 percent before unusual gain; ninth consecutive year of growth

Return on total capital rises to 12.4 percent

Tupperware division again sets sales record for twenty-first consecutive year

Duracell Battery sales surge 29 percent; non-battery business sold

Chemical-Plastics segment shows improved performance; heavy chemicals business sold

Cash position, $244 million at yearend

Working capital as percent of sales lowered to 23 percent

Debt to equity ratio at conservative .26:1 level

Book value per share increases to $39.16

Financial Highlights

For the year	**1979**	1978
Net sales	**$2,403,266,000**	$1,833,161,000
Earnings before taxes	**342,266,000**	257,426,000
Net earnings	**171,666,000**	127,126,000
Earnings per share of Common Stock—		
Primary	**$7.04**	$5.19
Fully diluted	**$6.52**	$4.83
Cash dividends per share of Common Stock	**$1.80**	$1.60
OPERATIONS BEFORE UNUSUAL GAIN:		
Earnings per share of Common Stock—		
Primary	**$6.10**	$5.19
Fully diluted	**$5.68**	$4.83
Return on total capital	**12.4%**	11.4%
Return on average Stockholders' equity	**15.1%**	14.3%
Return on net sales	**6.2%**	6.9%

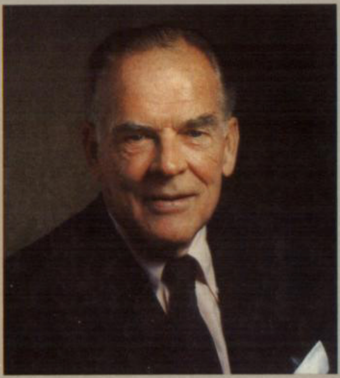
Operating Segments (Dollar amounts in millions)	**1979**		1978	
	SALES	**EARNINGS**	SALES	EARNINGS
Direct Selling	**$ 728**	**$190.2**	$ 664	$185.8
P.R. Mallory* (Duracell)	**440**	**24.8**	35	1.4
Consumer Products	**271**	**29.0**	233	26.0
Chemical-Plastics**	**627**	**111.5**	596	47.0
Glass Containers	**320**	**34.6**	299	37.0
Resort Development	**34**	**4.7**	29	2.3
Adjustments and eliminations	**(17)**		(23)	
Corporate items		**(52.5)**		(42.1)
Totals	**$2,403**	**$342.3**	$1,833	$257.4

*P.R. Mallory was acquired late in 1978 and its operations for that year are included for the month of December only.

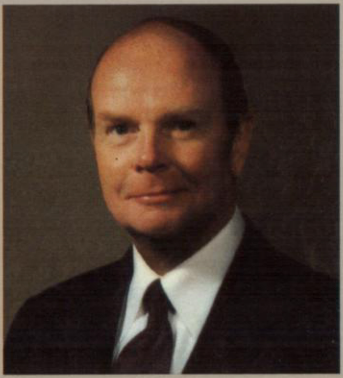
**Earnings for 1979 include $48.4 million gain on disposition of Plastic Raw Materials business.

At Yearend	**1979**	1978
Current assets	**$1,046,062,000**	$ 919,759,000
Current liabilities	**486,914,000**	486,553,000
Current ratio	**2.1:1**	1.9:1
Working capital	**559,148,000**	433,206,000
Long term debt	**270,831,000**	288,114,000
Stockholders' equity	**1,058,545,000**	932,830,000
Debt to equity ratio	**.26:1**	.31:1
Total capital	**1,329,376,000**	1,220,944,000
Book value per share	**39.16**	33.65
Shares of Common Stock outstanding	**23,862,500**	23,373,200
Shares of Preferred Stock outstanding	**2,480,800**	2,925,500

Letter to Stockholders



Justin Dart, *Chairman*



Thomas P. Mullaney, *President*

The year 1979 was one of significant accomplishment for Dart Industries from several standpoints:

- **The Company achieved record earnings for the ninth consecutive year;**
- **Earnings gains were broad-based with four of five major businesses contributing to the improvement;**
- **The Company essentially completed its program to eliminate small or marginal profit centers;**
- **Two major operations were divested—the Plastic Raw Materials business and the Components Group of P.R. Mallory;**
- **The Company ended the year in a strong financial position with $244 million in cash and marketable securities.**

Ninth Consecutive Year of Record Earnings Reported

In 1979, Dart Industries achieved its ninth consecutive year of improved earnings with operating earnings per share reaching a record $6.10, 18 percent ahead of 1978 earnings of $5.19. The 1979 earnings were after a year-end charge of 23 cents per share for the planned sale, restructuring, or liquidation of certain minor operations. Fully diluted 1979 operating earnings per share were $5.68 compared with $4.83 in 1978.

In addition to the operating earnings, the Company also had a one-time gain of 94 cents per share in 1979 from the third quarter sale of its Plastic Raw Materials business. On a fully diluted basis, this gain added 84 cents per share.

Net operating earnings for 1979 were $149.5 million (not including the one-time gain of $22.2 million) compared with $127.1 million in the prior year. Sales reached $2.4 billion in 1979 compared with $1.8 billion in 1978.

Earnings Improvement Broadly Based

Four of the Company's five major businesses—Tupperware, Duracell, Consumer Products and Chemical-Plastics—contributed to the earnings improvement. Thatcher Glass, the fifth major business, finished the year with earnings second only to its record results of 1978. Dart Resorts also showed earnings gains for the year.

Improvements in sales and earnings were recorded in both United States and international operations. After-tax earnings from international operations totaled $64 million in 1979 compared with $46 million in 1978. Sales from international operations amounted to $649 million in 1979. They were $459 million in the prior year.

Marginal Profit Centers Eliminated

Year-end 1979 essentially marked the completion of the program announced early in 1977 to eliminate small or marginal profit centers that did not fit the Company's long-range business direction. Operations included in the program in 1979 generated sales of approximately $25 million.

The eliminations and improvements in on-going operations resulted in a measurable increase in the return on total capital. In 1979, the return reached 12.4 percent (excluding the one-time gain from the sale of the Plastic Raw Materials business) compared with an average of 11.1 percent for the past five years, bringing the Company closer to its 13 percent target.

Major Operations Sold; Cash Balances High

Major operations were sold during the year in keeping with the Company's on-going program of redirecting assets into areas which offer consistent growth and high returns. Rexene Polyolefins Company and Consolidated Thermoplastics Company, which comprised the Plastic Raw Materials sector, were sold in August to the El Paso Products Company. The Components Group of P.R. Mallory Company was sold in July. Cash received from these transactions totaled $188 million. These operations generated sales of $180 million in 1979.

Company Maintains Strong Financial Position

All major indicators of the Company's financial condition were strong at year-end 1979. The current ratio (current assets compared with current liabilities) was 2.1:1 at year-end. Cash and marketable securities increased to $244 million from $163 million in 1978. Total assets advanced to $1.9 billion in 1979 from $1.8 billion and total Stockholders' equity increased to $1.1 billion from $933 million a year ago. The debt to equity ratio declined to .26:1 from .31:1 at the end of 1978.

The Company's financial condition continues to provide capital funds from internal sources for both maintenance and cost reduction projects as well as expansion of high-potential, high-return businesses. In 1979, capital expenditures totaled $134 million. A record $165 million is budgeted for 1980 with more than 50 percent earmarked for expansion of high-potential growth businesses. The major portion of the increase will be used to expand manufacturing capacity for the Tupperware division in South America and for Duracell in the United States and Europe.

Cash Dividend Increased

During 1979, dividends paid on a share of Common Stock totaled $1.80. Early in 1980, the Board of Directors increased the quarterly dividend from 45 cents to 50 cents, or to an indicated annual rate of $2.00 per share. This action was in keeping with the Board's announced policy of paying approximately 30-35 percent of earnings in dividends, as warranted by the Company's financial strength and earnings growth.

New Officers Elected

Garland K. Franklin, Peter G. Viele and Dr. Ralph Wilson,Jr., were elected vice presidents of Dart Industries in 1979.

Mr. Franklin, 50, was elected vice president, Human Resources, in May. Previously he was vice president of Personnel for P.R. Mallory. He had been with Mallory since 1968 as director of Organization Development and director of Employee Relations.

Mr. Viele, 47, president and chief executive of the Duracell Worldwide Battery Group, was elected a vice president in August. He joined Mallory in 1972 and served as president of that company's Consumer Products Group until formation of the Battery Group in January 1979.

Dr. Wilson, 55, president of the Decorative Building Products sector, and a member of Dart's Board of Directors since 1972, also was elected a vice president of Dart Industries in May. He is a member of the Board's Retirement Plans Committee. Dr. Wilson joined the Company's Ralph Wilson Plastics division in 1958 and became president in 1960.

During the year, Herschel A. Phillips, vice president, Labor Relations, retired after 29 years of distinguished service to Dart Industries. Mr. Phillips had joined the Company as an associate counsel, became director of Labor Relations in 1959, and was elected a vice president in 1968.

Outlook Cautiously Optimistic for 1980

The economic and political uncertainties worldwide which may impact business conditions have never been greater than those faced today.

At the same time, the Company's diversified business base and financial condition have never been stronger. Consequently, despite the potentially challenging environment, we are cautiously optimistic that 1980 will be a good year for Dart Industries. Performance of the first quarter of 1980 will need to be evaluated against the record first quarter of 1979, which included 16 cents per share of earnings from advance buying by Tupperware dealers in anticipation of a Teamsters' strike.

Justin Dart

Justin Dart
Chairman

Thomas P. Mullaney

Thomas P. Mullaney
President

February 29, 1980

A Special Report to Stockholders

As Dart Industries Enters the '80s

Dart Industries, in recent years, has restructured its business base to broaden throughout the Company the consistency and stability of its earnings growth and to upgrade its return on total capital. This effort to improve earnings quality has been accompanied by changes in financial policies, including a higher cash dividend payout—conditions warranting. This special report identifies those changes so that Stockholders can have a clear understanding of the Company in which they have an investment.

Dedication to Performance, Basic Business Principles Remain

Before describing the restructuring and financial policy changes, it is important to point out what has not changed—that is, management's dedication to superior performance and belief in three basic business principles. These principles contributed importantly to the Company's earnings per share growth, which was consistent and rapid during the decade of the 1970's. Operating earnings per share advanced for the past nine consecutive years at a compound rate of 17 percent.

The first basic principle followed in achieving this performance is a strong belief in business diversification. Although the earnings of certain of the Company's businesses fluctuated during the 1970's, earnings for the Company as a whole grew consistently.

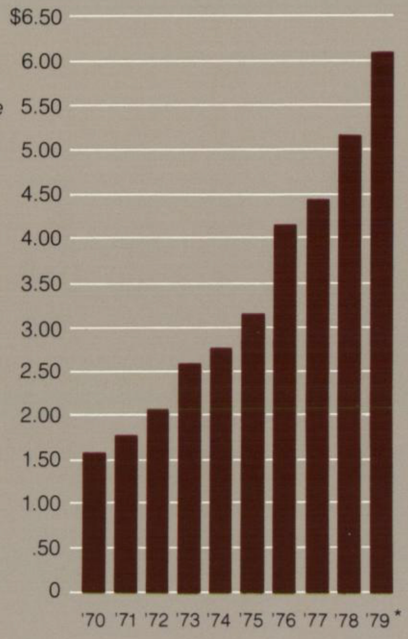
The second basic business principle followed is a belief in conducting business internationally. In 1970, approximately 13 percent of sales and 14 percent of earnings came from markets outside the United States. By 1979, these percentages had grown to 27 and 38, respectively. The willingness to expand internationally added materially to the Company's growth rate in the 1970's.

The third basic business principle contributing to the Company's successes is a belief in the maintenance of a conservative financial posture. The debt-to-equity ratio has ranged from 18 percent to 40 percent over the past 10 years, averaging in most years approximately 30 percent.

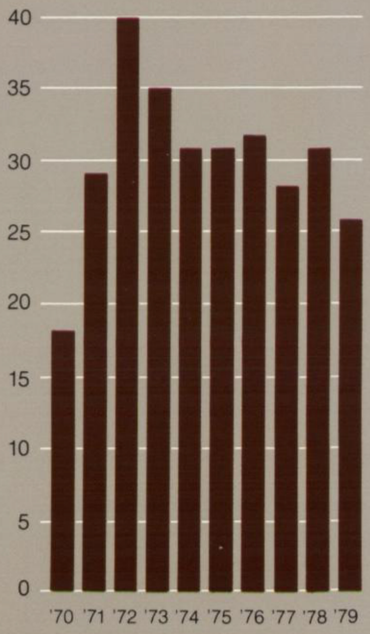
This principle worked well for Dart Industries during the past decade. Bank debt was increased in the early 1970's at attractive interest rates, providing increased funds for growth. In the second half of the 1970's, earnings were the principal source of funds for expanding businesses with the debt markets used only sparingly, because interest rates were high.

Earnings Per Share Growth

**Excludes one-time gain on sale of Plastic Raw Materials.*



Debt to Equity Ratio
(Percent)



Management Depth Provided

Turning from what hasn't changed to what has—in late 1976, Thomas P. Mullaney joined the Company as president with operating responsibility for all operating groups and the Corporate Staff. Provisions were made to have proven executives in place to take over senior operating and staff positions as normal retirements occurred. Consequently, the transfer of responsibility to the next generation of senior management has taken place smoothly. Today, the average age of the top executives within the Company is 53 versus 63 in 1976.

Return on Total Capital Upgraded

Following Mr. Mullaney's arrival, a new review was made of the quality of the Company's earnings and financial policies.

The conclusion was that two of the three elements of a quality earnings stream—growth and consistency—were being achieved. However,the third quality element, return on total capital, had averaged only 9.5 percent for the five years ended 1976 and needed improvement.

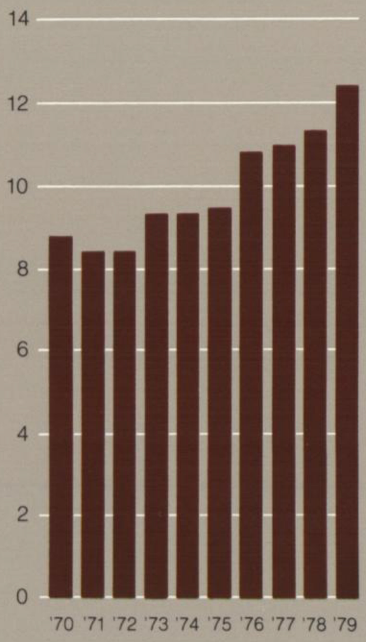
The program implemented to improve the return by upgrading or eliminating marginal businesses achieved the following results. Since 1977, the return on total capital has risen steadily, reaching 12.4 percent in 1979, without consideration of the gain on the disposition of the Plastic Raw Materials business. Over the three-year period, businesses generating $170 million in annual sales were sold or eliminated. And approximately $60 million in cash was returned to the Company for investment in higher-return businesses. The cost of this program was absorbed while still maintaining steady earnings growth.

Concurrent with the program to eliminate marginal businesses, which was completed in 1979, capital expenditures for expansion were allocated principally to businesses with high-growth, high-return potential. This program, plus tighter control of working capital, continues to move the Company closer toward its initial 13 percent return on total capital goal.

Cash Dividend Payout of 30-to-35 Percent of Earnings Established

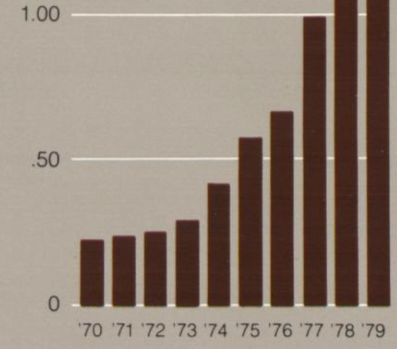
These operating improvements supported the conclusion of the financial policy review that a substantial increase in cash dividend payout to Stockholders was warranted, along with the elimination of the three percent stock dividend. This was implemented early in 1978 when the Board of Directors established a new policy which provided an all-cash dividend representing a payout of 30-to-35 percent of earnings—conditions warranting.

Return on Total Capital
(Percent)



Cash Dividend Per Common Share

In January 1980 the cash dividend was increased to an indicated annual rate of $2.00 per share.



Earnings Stability and Consistency Broadened

A long-term growth plan was also developed and provided for the next series of basic changes in the Company. The study which preceded the plan concluded that the Company had the financial resources and earnings prospects to fully develop the high-potential businesses which provided growth in the 1970's, as well as finance the acquisition of new growth businesses. The desired criteria for qualifying an acquisition candidate include: high-growth potential, market leadership, high-value products, international in scope, large enough to be a major earnings contributor and proven management. P.R. Mallory & Co. Inc. met these criteria with its *Duracell* high-performance battery business, and in late 1978 that company was acquired for $252 million in cash.

Two other major business base changes occurred in 1979. The non-battery business of P.R. Mallory and Dart's Plastic Raw Materials business were sold for nearly $190 million in cash. Management felt that the Mallory non-battery business did not offer the desired growth and return potential. In the case of Plastic Raw Materials, the nature of the heavy chemical industry appeared to be changing rapidly and would have required Dart Industries to make very substantial new investment to maintain an attractive competitive position.

The internal expansion of high-growth and better-return businesses such as the Tupperware division, Chemical Specialties, Ralph Wilson Plastics, and now Duracell, and the business eliminations have resulted in the Company's having a stronger consumer market orientation, broadened earnings stability and consistency, and lower working capital requirements.

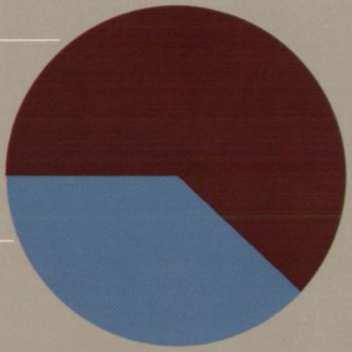
Dart Industries Well Positioned for the 1980's

The Company in which you have made an investment is quite different today and considerably improved from the 1970's. Management depth has been provided and the quality of earnings has been upgraded. Major steps in the long-term growth strategy have been implemented with high-potential businesses emphasized and a major new growth business in place providing continued growth prospects for the 1980's. The cash dividend payout has been increased while still preserving sufficient funds to finance growth primarily from internally generated sources. Finally, the basic business principles followed in achieving the consistent growth in the 1970's—business diversification on an international scale, conservative financial management, and dedication to superior performance—will remain as the foundation for the decade of the 1980's.

Business Mix 1975-1979

EARNINGS

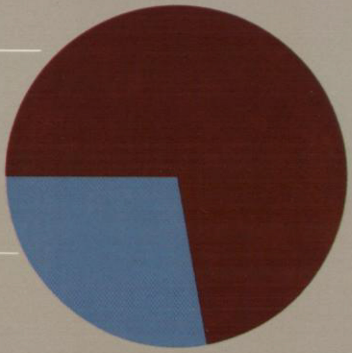
1975



Consumer businesses **62%**
Direct Selling
Consumer Products

Non-consumer businesses **38%**
Chemical-Plastics
Glass Containers

1979



Consumer businesses **72%**
Direct Selling
Duracell
Consumer Products

Non-consumer businesses **28%**
Chemical-Plastics
Glass Containers

Operations Review

Thomas P. Mullaney
Chief Operating Officer

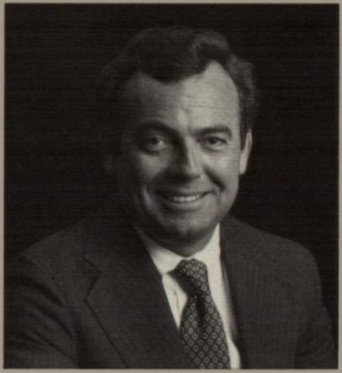
Direct Selling

Hamer F. Wilson, *Chairman, Direct Selling Group*
Headquartered: *Orlando, Florida*

P.R. Mallory* (Duracell)

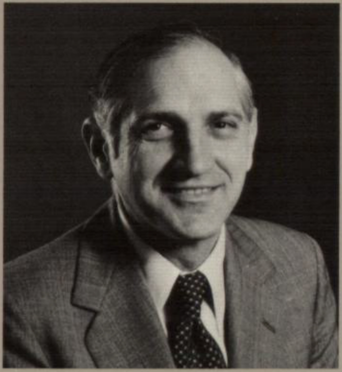
Peter G. Viele, *President, Duracell Worldwide Battery Group*
Headquartered: *Bethel, Connecticut*

Consumer Products



F. William Graham, *President Consumer Products Group*
Headquartered: *Los Angeles, California*

Chemical-Plastics

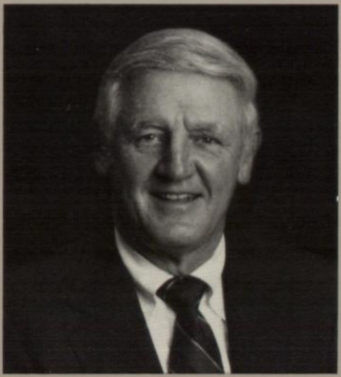


John P. Del Favero, *President, Chemical-Plastics Group*
Headquartered: *Los Angeles, California*

Chief Financial Officer

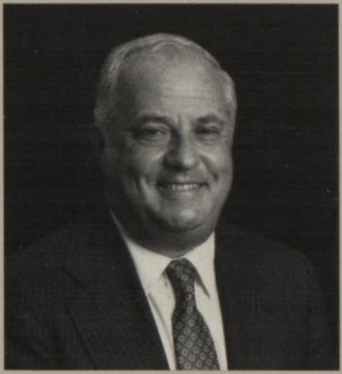
Phillip D. Matthews, *Executive Vice President, Finance and Administration*
Headquartered: *Los Angeles, California*

General Counsel



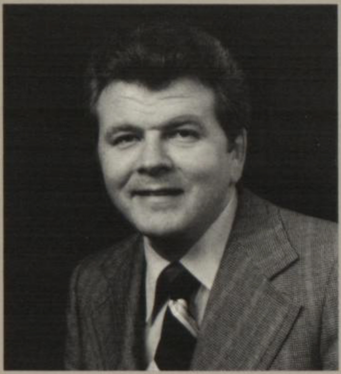
Russell K. Bolton, *Vice President and General Counsel*
Headquartered: *Los Angeles, California*

Glass Containers



William H. Greenberg, *President, Glass Containers Group*
Headquartered: *Greenwich, Connecticut*

Resort Development



Sidney M. Karsh, *President, Resort Development*
Headquartered: *Los Angeles, California*

Operating Segments Sales and Pre-tax Earnings

(IN MILLIONS)	**1979**		1978		1977		1976		1975	
	SALES	**EARNINGS**	SALES	EARNINGS	SALES	EARNINGS	SALES	EARNINGS	SALES	EARNINGS
Direct Selling	**$ 728**	**$190.2**	$ 664	$185.8	$ 576	$146.3	$ 512	$133.1	$ 459	$108.5
P.R. Mallory* (Duracell)	**440**	**24.8**	35	1.4						
Consumer Products	**271**	**29.0**	233	26.0	221	23.9	251	21.8	247	12.3
Chemical-Plastics**	**627**	**111.5**	596	47.0	553	42.4	497	49.0	382	44.3
Glass Containers	**320**	**34.6**	299	37.0	260	21.7	229	29.8	199	30.1
Resort Development	**34**	**4.7**	29	2.3	16	(1.9)	10	(15.3)	10	(17.5)
Adjustments and eliminations	**(17)**		(23)		(25)		(23)		(17)	
Corporate items		**(52.5)**		(42.1)		(31.7)		(27.8)		(21.2)
Totals	**$2,403**	**$342.3**	$1,833	$257.4	$1,601	$200.7	$1,476	$190.6	$1,280	$156.5

*P.R. Mallory was acquired late in 1978 and its operations for that year are included for the month of December only.
**Earnings for 1979 include $48.4 million gain on disposition of Plastic Raw Materials business.

Direct Selling

Sales and earnings records were again set by the Tupperware division in 1979. Worldwide sales reached $680 million with all geographic areas of Tupperware operations—North and South America, the Pacific and Europe—participating in this growth. Particularly strong performance was shown in the United States, Mexico, Brazil, Argentina, Venezuela, United Kingdom, Italy and Spain. *Tupperware* sales outside the United States continued to account for more than 55 percent of worldwide sales. In the United States, increased promotional activities stimulated continuing sales momentum despite a softening economy.

Tupperware Expands to Support Growth

In order to support the growing sales force of distributors, managers and dealers, which grew by more than 10 percent in 1979, the Tupperware division has been engaged in a major program of expanding facilities. In the past year, new plants were opened in Canada, New Zealand and Argentina.

In Brazil, the government granted the Tupperware division permission to proceed with an expansion of its existing plant, planned for completion in 1980. Requests also have been submitted to the Brazilian government for permission to convert the existing warehouse into a second manufacturing plant. In Portugal, the government has granted approval for a plant start-up in 1980, and, in Mexico an expansion of warehouse facilities also will be undertaken during the year.

In addition to expanding manufacturing and warehousing facilities, the Tupperware division has been moving to enhance its ability to develop and manufacture new products. The company has a basic objective of introducing new products six times per year into each market worldwide. The recent entries into new countries in South America—Argentina, Brazil and Chile—combined with normal new product introduction schedules, have necessitated major capital projects for new molds, molding machines and related facilities. A new design center was completed in Rhode Island to accommodate growth in the Product Development department. Mold-making facilities in Australia and Massachusetts also are being expanded to keep pace with the growth.

Product Introductions Well Received

Tupperware division's worldwide reputation for an expanding line of quality products stems in part from the exacting stand-

Mini-Mix-It and *Mini-Serve-It* miniaturized *Tupperware* sets for children, which are identical in appearance and quality to products used by grownups, were received with great enthusiasm by children and grownups alike.

During the third quarter, the Tupperware division introduced a "dishwasher safe" feature on all of its United States *Tupperware* food container products. This new feature makes it possible for even the seals to go directly into a dishwasher without affecting the sealing characteristics.

ards adhered to in the design and production of its molds. But the quality control of raw materials and the constant search for improvements in the final product are equally important. In recent years, research and development activities have been accelerated, with emphasis directed toward new materials to enhance the features of existing products as well as new products. An example of this search for improvement is the "dishwasher safe" feature of the *Tupperware* product line, which was introduced in the United States late in the third quarter of 1979. This new feature was made possible by a heat-resistant polymer that permits *Tupperware* seals to go into a dishwasher without affecting their sealing.

Tupperware United States also announced two new product lines which will be extended in the future and which are eagerly awaited by the international units. The first of these new lines was *Classic Sheer* which features a translucent material that allows the contents to be identified without removing the *Tupperware* seal. The second was a line of miniaturized *Tupperware* products for children which are identical in appearance and quality to products used by grownups.

New International Markets Considered

Following the recent success of its entries into new markets in South America, the Tupperware division is currently studying the prospect of entering additional markets in Central and South America, South Korea and Southeast Asia. Exploratory discussions have been held in both Peru and Colombia and it is expected that an initial shipment of products will be market-tested in South Korea during the first half of 1980.

Vanda Beauty Counselor Earns Small Profit

Vanda Beauty Counselor, a direct selling cosmetics operation, earned a small profit during 1979. This was the result of a substantial reduction in losses by the United States operations and continued profit growth in Vanda's two international markets.

Duracell Worldwide Battery Group (P.R. Mallory)*

The demand for high-performance batteries continues to surge, favoring the *Duracell* alkaline product line. In its first full year as part of the Company, sales of batteries advanced 29 percent to $347 million with operating earnings higher than in 1978 on a comparable basis. Earnings growth was accomplished despite increased material costs, notably silver and mercury, the added expense associated with establishing the Duracell Worldwide Battery Group as an independent operating entity of Dart Industries, and one-time expenses in connection with the acquisition. Intensive programs were implemented to assure that the company will have a cost-effective manufacturing capability to meet the accelerating worldwide demand for high-performance batteries.

**The Components Group (all non-battery operations) of P.R. Mallory was sold on July 30, 1979, as reported in the Letter to Stockholders on Page 4. The 1979 sales of the Components Group until the time of its sale totaled $93 million.*

High-Performance Batteries Expand Market Share Worldwide

The total primary dry cell battery market in geographic areas where the Duracell Worldwide Battery Group does business is estimated at more than $2 billion with high-performance alkaline, mercury and silver oxide batteries growing to about 37 percent of that total in 1979.

The Duracell Worldwide Battery Group is a world leader in the development, manufacture and distribution of high-performance batteries. Headquartered in Connecticut, the company has manufacturing plants in five states and distribution centers located strategically throughout the United States. Internationally, the Duracell Group has manufacturing plants in England, Belgium, Canada and Mexico, and a distribution network throughout most of the Free World.

The growth of high-performance batteries has been projected to continue at a compound annual growth rate of more than 20 percent over at least the next several years. Much of the growth of the high-performance battery market has been at the expense of regular zinc carbon batteries.

There are several key factors which contribute to the sustained gains recorded by the high-performance battery indus-

Duracell brand high-performance, alkaline, mercury and silver oxide batteries—noted for their longer life and more consistent power—are used extensively as the power source for a variety of products ranging from calculators and clocks to radios and toys.

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26
DURACELL

try. One is increasing consumer recognition of the superior operating characteristics of these batteries—longer life, greater storage capabilities and more consistent power. They can be used in virtually any application that uses a primary battery. Another factor is the extensive growth of battery-powered consumer products in recent years. In the United States, for example, the average family owns 11 battery-powered devices, including flashlights, watches, camera products, calculators, smoke alarms, radios and the new electronic games, to name just a few. Many of the newer products are designed especially to use high-performance batteries, which now account for more than half the total United States primary battery market.

The flashlight battery market is just one area in which there is a major shift in consumer use from regular zinc carbon batteries to the longer-life *Duracell* high-performance batteries.

Duracell United States Sales Growth Outpaces Market

In 1979, the growth of consumer sales of *Duracell* batteries in the United States continued to outpace the market. The company's aggressive nationwide sales effort was backed by an effective television advertising campaign which consistently stressed the performance advantages of high-performance *Duracell* batteries over regular zinc carbon batteries. In concert with this advertising was a concentrated trade sales program which featured well-accepted promotions highlighted by the annual Christmas promotion in thousands of retail outlets.

The company's combined sales and marketing programs resulted in increased penetration of major distribution channels and raised consumer awareness of the *Duracell* brand.

In its technical sales effort, the company has a historical leadership position as a supplier to original equipment manufacturers of battery-powered equipment. Although these sales were below levels of recent years, they continue to enable the company to quickly capitalize on new developments, such as smoke alarms and digital watches introduced in recent years.

International Operations Show Progress

The Battery Group's European operations achieved record sales in 1979 although profits were impacted by heavy spending required by increased competitive actions. The potential and size of the European battery market is second only to that of the United States. The 1979 industry sales of high-performance batteries in Europe totaled approximately $180 million, accounting for 26 percent of the total primary battery market.

The demographics and consumer purchasing trends in the European high-performance battery market closely parallel those of the United States. The introduction of new battery-powered equipment in the United States normally takes place one year later in Europe. These trends and the potential for continued growth are recognized by a number of European battery manufacturers, with each country presenting a unique competitive challenge.

The Canadian operation, the Duracell Group's third largest, continued to maintain a strong competitive position and once again, set a new sales record.

During the year, the company broadened its sales activities in Latin America. Sales progress also continued in Australia and elsewhere in the Far East.

An important strength of the company in international markets is the fact that its *Duracell* brand battery is the only one marketed worldwide under a single name. This allows marketing strategies developed for the United States to be used to maximum advantage in international markets.

Manufacturing Efficiencies Improved, Research and Development Expanded

During the past year, the Duracell Group improved its manufacturing efficiencies in the United States and abroad. These improvements were most pronounced at the newest battery plant in Lancaster, South Carolina, and the Cleveland, Tennessee, facility, where new high-speed equipment was installed.

In mid-year, P.R. Mallory's research and development laboratory near Boston was integrated with the Duracell Group and is now more closely linked with efforts to bring new battery products to the market. The company continued to develop lithium batteries as a potential next generation of high-performance batteries. When commercialized, the lithium battery is expected to develop new markets not now served by present high-performance batteries.

Consumer Products

The Consumer Products segment had an excellent year in 1979. Record earnings of $29 million on sales of $271 million were achieved. All three major divisions—West Bend small kitchen appliances, cookware and humidifiers; Syroco decorative wall accessories and accent furniture; and Thermo-Serv fashion plastic tableware and insulated ware—contributed to the gains.

New Products Pace West Bend Growth

West Bend's growth reflected consumer demands for basic, functional products, particularly small kitchen appliances and cookware. New product introductions consistent with these trends in the United States included *SilverStone* non-stick surfaced cookware and electric skillets, and *The Poppery* hot air popcorn popper. The success of *The Poppery*, corn popper along with continuing strong sales of West Bend's *Stir-Crazy* and other popcorn makers, underscored the division's leadership position in this category of small electrical appliances. In Canada, a fashionable new line of stainless steel cookware with aluminum-clad bottoms was successfully marketed.

West Bend reduced inventory levels at mid-year as a prudent measure in light of the widely predicted economic slowdown. This action lowered working capital requirements without affecting service.

Syroco Expands *Decorette* Accessories

Syroco's growth reflected continued strong demand for quality decorative wall accessories and functional accent furniture produced by the division. During the year its *Decorette* product line of decorative framed mirrors, accessories and component shelving was expanded. To further broaden distribution of decorative accessories, direct mail selling activities were increased.

Thermo-Serv Introduces New High-Fashion Plastic Tableware

Thermo-Serv, a manufacturer of fashion plastic tableware and insulated ware, was paced in its performance by the *Travel Tumbler* and *Travel Mug* insulated beverage containers, and the compartmentalized *Thermo-Serv Salad Bar* server.

Thermo-Serv's new *St. Tropez* high-fashion, high-quality plastic tableware line includes mugs, a beverage server, a compartmentalized salad server; a cheese server with dome; a serving tray, an hors d'oeuvre server, and an insulated bucket for ice or other cold foods. Other items not shown include an ice chest, glasses, serving tongs and salad bowls.

Early in 1980, Thermo-Serv began selling its *St. Tropez* line, of high-fashion, high-quality plastic tableware. This line was developed to meet consumer trends toward more casual, informal home entertaining. The *St. Tropez* tableware line includes: ice buckets and ice chests; glasses, mugs and beverage server; a compartmentalized salad bar server, serving tongs, and salad bowls; a cheese server with dome; a serving tray and an hors d'oeuvre server. All are top-rack dishwasher safe. Distribution of the *St. Tropez* line will be primarily through better department and giftware stores.

Coppercraft Guild*, a manufacturer of copper giftware and accessories, completed the year with results in the United States below its 1978 levels. Its Canadian operations, however, showed improvement over 1978 results. Programs introduced in the United States to improve operations are continuing.

In order to enhance the sales of Miracle Maid* products, that line was sold to a company which specializes exclusively in the direct selling of cookware. The West Bend Company continues to manufacture the line as a contract producer.

Product Development Emphasized

During 1979, product development was expanded and lead time between concept and introduction of new products was reduced. Studies were conducted by several outside consultants, as well as by the internal staff, to determine which new product areas and product line extensions offered the best business potential. *St. Tropez* tableware and West Bend's *Water Washer* filtration system for home tap water use reflect this effort. Several additional new products are planned for introduction by mid-year.

To enhance the marketing of the growing number of new products and product line extensions, new packaging and graphics now give strong brand recognition and communicate the products' distinctive advantages and quality.

**Financial data on Coppercraft Guild and Miracle Maid, whose products are sold directly in the home, are included in Direct Selling in the operating segment tables on pages 3, 11 and 34.*

The bride-to-be is delighted with *The Poppery* hot-air corn popper she has just received. Other gifts already opened include an electric Wok, stainless steel cookware with aluminum-clad bottoms, a 12-inch electric, *SilverStone*-interior skillet, an electric *Ultra Pot* three-cup heat'n server, a *Craftsman Cookery* aluminum cookware set, and a *Water Washer* filtration system for home tap water, all marketed by The West Bend Company; the *St. Tropez* salad server and *Hot-N-Cold* insulated mugs manufactured by Thermo-Serv; and a Syroco *Decorette* mirror.

St TROPEZ
St. TROPEZ SALAD BAR with Serving Tongs
Decorative Wall Mirror
Wall Mirror
WEST BEND
THE ORIGINAL ELECTRIC WOK
WITH AUTOMATIC HEAT CONTROL
extra dimension WATER WASHER
Enjoy the sparkling taste of fresh clean water straight from your faucet
HOT'N COLD MUGS
Thermo-Serv
ELECTRIC SKILLET
12 INCH ELECTRIC SKILLET

Chemical-Plastics

The Chemical-Plastics segment achieved record sales and operating earnings from continuing operations. Included in the sales of $627 million and operating earnings of $111.5 million are the results from divested operations.*
Three of the four continuing business sectors—Chemical Specialties, Styro Products and Health Care—reported record results. Ralph Wilson Plastics, the fourth sector, was affected somewhat by the downturn in the housing market, but still achieved its second highest earnings.

Consumer-oriented end products which utilize chemical specialty products manufactured by Ware Chemical, Fiberfil and Colorite include golf balls, car components and plastic garden hose, respectively.

**The Plastic Raw Materials sector, comprised of Rexene Polyolefins and Consolidated Thermoplastics, was sold to El Paso Products Company in August, 1979, and resulted in a one-time gain of $48.4 million. The European plastic bottle division and several environmental divisions also were sold during the year. The combined sales of these divisions totaled $127 million for 1979.*

Chemical Specialties Sector Continues Growth

Chemical Specialties, the largest sector and an important growth area, is comprised of four business categories—process chemicals, precision plastics, plastic additives, and equipment and systems. Its record performance was led by outstanding gains in both the process chemicals and the precision plastics businesses.

The process chemicals businesses -Electrochemicals and the Catalyst division—manufacture chemicals essential to the performance of other chemical or manufacturing processes. This area continued to be a major focal point of research and development in order to keep pace with rapidly changing technology and exceptional growth opportunities. Strong customer acceptance of an improved polypropylene catalyst and the introduction of a unique etching system for the printed circuit board industry were particularly noteworthy.

The precision plastics businesses—Colorite and Action Technology—showed excellent growth. Colorite, the nation's

Wilsonart decorative laminates are used extensively for countertops, kitchen cabinet surfaces, and other new construction and home remodeling applications. Pictured is a "space-maker", wrap-around kitchen with step-down eating bar and built-in counter-top stove. The kitchen features *Wilsonart* planked village oak laminate cabinetry trimmed with dark bronze laminate and countertops of *Wilsonart* almond castile pattern laminate. The telephone wire and flooring use colorants and chemical additives, such as those manufactured by the Chemical-Plastics segment's Wilson Products and Synthetic Products divisions, respectively.

Styroweave textured polystyrene foam cups and *Styroware* tableware by Thompson Industries, Rexcel delicatessen containers, and plastic plates by Canada Cup make even a poolside barbeque more time-saving and enjoyable.

largest producer of plastic garden hose, maintained its leadership position with the introduction of its new rubber hose line in the first quarter of 1979. Action Technology, a producer of precision plastic components for high-volume applications such as ball point pens and aerosol dispensers, achieved improved performance, particularly overseas.

The plastic additives businesses—Fiberfil, Wilson Products, Synthetic Products and Ware Chemical—manufacture additives used to enhance the performance of plastics in end products ranging from golf balls to automobile components.

Fiberfil's fiberglass-reinforced thermoplastics increased their penetration into the electronic equipment and appliance markets, offsetting reduced sales to the automotive industry.

Wilson Products, a producer of color concentrates, continued to emphasize market areas which require strict adherence to color specifications and a high level of customer service.

Synthetic Products, a producer of metallic stearates and heat stabilizers, chemical additives essential in the production of plastic and rubber products, continued to show improvement. The division introduced a new antimony stabilizer which holds color well, provides a high gloss, and is more cost efficient than competing products. The antimony stabilizer is now being licensed for use in electrical conduit, telephone ducting, and potable water pipe.

Ware Chemical, acquired in April 1979, brought additional plastic additive capabilities to the Company—cross linking agents which are used in thermoset resins, ultraviolet-cured coatings, inks, and molded cores of golf balls. Ware also manufactures synthetic rubber additives for wire and cable insulation.

Although sales increased slightly in the equipment and systems businesses, earnings were negatively impacted by strong price competition. Capital Controls, a manufacturer of chemical dispensing equipment, and ERC/Lancy, which specializes in effluent treatment systems, comprise this business category.

New Ralph Wilson Plant Now in Operation, Prepared for Market Growth in 1980's

The Ralph Wilson Plastics division, the nation's second largest manufacturer of decorative laminates used in the interior surfacing of homes and businesses, had record sales. However, earnings were negatively impacted by frequent and substantial cost increases in raw materials, manufacturing supplies, and the new plant start-up, which more than offset price increases.

Ralph Wilson's new North Carolina plant started manufacturing on schedule in the spring of 1979, in anticipation of the projected market growth in the 1980's. This new facility will enable the division to service customers in the eastern United States more efficiently.

During 1979, Ralph Wilson Plastics continued its sales program directed at providing a broader range of professional services to the remodeling market in support of product distribution to that market.

New Products Spur Styro Products Gains

The Styro Products sector finished 1979 with record sales and earnings. Two of the sector's divisions, Thompson Industries and Canada Cup, showed improvement largely as the result of new product introductions and pricing which offset cost increases. Product introductions in 1979 included *Styroweave* polystyrene foam cups, with a finish that simulates the look and texture of linen, and *Big Drink* polystyrene foam cups, which are used primarily by food chains for serving soft drinks larger than 12 ounces in size.

Health Care Sector Shows Steady Improvement

The Health Care sector, whose markets include disposable plastic hospital supplies, gauze, cotton dressings and bandages, continued to show steady growth and improvement throughout 1979.

Glass Containers

Thatcher Glass Manufacturing Company achieved record sales of $320 million and operating earnings of $34.6 million, its second highest earnings.

Glass Container Industry Has Difficult Year

Several factors affected the glass container industry in 1979. Oil, gas, electricity and raw materials essential for the manufacture of glass containers were in adequate supply, but costs for these items rose significantly. Prices could not be increased enough to offset the rising costs. The demand for glass containers was slowed by the softening economy and the encroachment of plastic containers. Increased use of the plastic two-liter beverage bottle was particularly pronounced, but was offset somewhat by increased use of glass containers in the packaging of beer.

Thatcher Minimizes Impact of Industry Trends

Thatcher Glass was able to minimize the impact of negative trends by orienting its products toward markets which have shown the fastest growth and have been least affected by the encroachment of plastic containers, such as beer, wine, liquor and food. By concentrating on these areas, while continuing to serve all major glass container markets, Thatcher was able to operate at efficient production levels most of the year.

The increased use of glass containers for packaging premium products contributed to growth in markets such as beer containers, where Thatcher is well positioned. This trend of packaging premium products in glass containers to enhance the marketing of those products should add to the positive trends in the industry in the years ahead.

In order to effect marketing efficiencies with common customers, Thatcher Plastic Packaging* was placed under Thatcher Glass management in late 1979. Thatcher Plastic Packaging products include seals, plastic closures and tubes, PVC and laminated tubing used for packaging end products ranging from caulking compound to shampoo and toothpaste.

Environmental legislation, which would have imposed a mandatory deposit on non-returnable bottles, was soundly defeated in two states. Thatcher and other container companies will continue to oppose this kind of legislation. Thatcher will support alternatives, such as the litter law successfully introduced in the State of Washington and other states, which taxes all manufacturers of products which can become litter.

Labor Contract Signed in Early 1980

Early in 1980, a new two-year contract was signed with the glass bottle blowers union. Thatcher will be negotiating a new labor contract with the moldmakers union in August.

A weakening economy during the first half of 1980 and high inflation will result in cost increases and excess industry capacity. Conditions are expected to improve in the second half of the year.

The outlook for the glass container industry over the next five years is favorable with demand expected to grow at a compound annual rate of 3.3 percent compared with a 2.5 percent average for the past five years. Thatcher expects to play a major role in helping to meet that demand.

Resort Development

Operating earnings of Dart Resorts more than doubled in 1979 over 1978, reaching $4.7 million. The earnings gain resulted from record sales of $34 million at Tahoe Donner, the division's only remaining project, and continuing income from prior homesite sales at Bear Valley Springs, a previously active project. For the second consecutive year, earnings and cash flow were positive.

Homesite sales in 1979 at Tahoe Donner, located near Lake Tahoe in Northern California, were at an all-time high of 1,500 units. This 6,000 - homesite project is now nearly 75 percent sold. Building activity by homesite owners continued strong. The total number of private residences and condominiums within the project is now over 1,000—280 of which were completed in 1979.

Potential limitations on new sewer connections in the Truckee Sanitary District remain an issue. The Company believes the number of sewer connections now available will handle requirements at Tahoe Donner for the next three years at current building rates. Dart Resorts and others continue to pursue a long-term resolution of the sewer capacity issue.

The Company completed the last of its homesite sales in 1978 at Bear Valley Springs in Southern California. Efforts in 1979 were directed at phasing out Company participation over the next few years. Favorable experience on note payments by Bear Valley Springs' property owners made possible a change from the installment to the accrual method of accounting for this project. This accounting change in the third quarter did not have a material effect on the Company's 1979 earnings.

Results of Thatcher Plastic Packaging are reported in the segment data for Chemical-Plastics in the tables on pages 3, 11 and 34.

Glass bottles at Thatcher Glass are carefully inspected as they come off the main manufacturing line. This is one of many quality control checks the bottles undergo before being packaged for shipment to customers.

Dart Industries Inc.
Companies and Products

Direct Selling Segment

Headquarters: ORLANDO, FLORIDA

Tupperware FOOD PREPARATION, STORAGE AND SERVING CONTAINERS; TOYS; PLANTING SYSTEMS

Vanda Beauty Counselor COSMETICS AND TOILETRIES

Coppercraft Guild COPPER GIFTWARE, JEWELRY AND DECORATIVE ITEMS

P.R. Mallory (Duracell) Segment

Headquarters: BETHEL, CONNECTICUT

Duracell Worldwide Batteries *Duracell* ALKALINE, MERCURY AND SILVER OXIDE BATTERIES; ZINC CARBON BATTERIES; LITHIUM BATTERIES; SPECIAL BATTERY SYSTEMS FOR USE AS POWER SOURCES OF CONSUMER PRODUCTS, INDUSTRIAL AND GOVERNMENT-RELATED PRODUCTS

Consumer Products Segment

Headquarters: LOS ANGELES, CALIFORNIA

West Bend COOKWARE, ELECTRIC HOUSEWARES AND HUMIDIFIERS

Thermo-Serv INSULATED AND NON-INSULATED SERVING WARE

Syroco HOME DECORATIVE ACCESSORIES, CASUAL FURNITURE

Chemical-Plastics Segment

Headquarters: LOS ANGELES, CALIFORNIA

CHEMICAL SPECIALTIES SECTOR

Action Technology EXTRUDED TUBING, CORRUGATED HOSE, TUBING FOR BALL POINT PENS, SEALING SPECIALTIES

Colorite GARDEN HOSE, PLASTIC COMPOUNDING

Electrochemicals ELECTROPLATING CHEMICALS

Catalyst Division-Aztec/Purechem ORGANIC PEROXIDES AND PERESTERS, TITANIUM TRICHLORIDE

Capital Controls CHLORINATORS AND CONTROL SYSTEMS FOR WATER PURIFICATION AND WASTE TREATMENT

ERC/Lancy AIR AND WATER POLLUTION ENGINEERING AND CONTROL SYSTEMS

Fiberfil FIBERGLASS-REINFORCED AND FILLED THERMOPLASTICS

Wilson Products COLOR CONCENTRATES AND DISPERSIONS FOR PLASTIC PRODUCTS

Synthetic Products METALLIC STEARATES, VINYL STABILIZERS

Ware Chemical CROSS-LINKING MONOMERS

DECORATIVE BUILDING SECTOR

Ralph Wilson Plastics *Wilsonart* DECORATIVE LAMINATES

STYRO PRODUCTS SECTOR

Thompson Industries, Rexcel, Canada Cup, Insulpak, Ltd., PLASTIC CUPS, FOOD CONTAINERS AND PLASTIC DINNERWARE

HEALTH CARE SECTOR

Seamless Hospital Products MEDICAL AND SURGICAL PRODUCTS

Thatcher Plastic Packaging PLASTIC TUBES, CLOSURES, SEALS

Glass Containers Segment

Headquarters: GREENWICH, CONNECTICUT

Thatcher GLASS CONTAINERS FOR FOODS AND BEVERAGES

Resort Development Segment

Headquarters: LOS ANGELES, CALIFORNIA

Dart Resorts RESORT HOMESITES

Financial Statements

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Summary of Accounting Policies

Basis of consolidation The consolidated financial statements include the accounts of Dart and its subsidiaries except for its investments in certain foreign companies in which Dart has an ownership interest of 20% or more. Such investments are accounted for on an equity basis and their operations are not significant. Intercompany accounts and transactions are eliminated in consolidation.

Dart was a party to a joint operating agreement whereby it had an undivided 50% interest in plant and other assets relating to the production and marketing of certain petrochemicals, and was also a 50% owner of a plastics processing corporation with the same other party. The accompanying statements include 50% of the income and costs and expenses of these jointly owned activities through the date of their sale in August 1979. The remaining 5% interest in joint operations is accounted for on a cost basis.

Translation of foreign currencies Foreign subsidiary balance sheet accounts for inventories, prepaid expenses, deferred income taxes, properties, investments and other assets are translated into United States dollar equivalents at historical exchange rates; cash, receivables and all liability accounts are translated at yearend exchange rates. Income and expense accounts are translated at the average rate of exchange in effect during the year except for cost of goods sold, depreciation and amortization which are translated at historical rates. Exchange gains and losses are included in the determination of current year earnings.

Inventories Inventories are valued at the lower of cost or market. In general, cost as applied to inventory valuation represents purchase or manufacturing cost applied on the first-in, first-out method. Obsolete and damaged merchandise is excluded.

Properties and depreciation Expenditures for additions, improvements, replacements, betterments and major renewals are added to the properties accounts. Properties retired, or otherwise disposed of, are eliminated from the asset accounts and the related amounts of accumulated depreciation are eliminated from the accumulated depreciation accounts. Gains and losses from disposals are included in earnings. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred.

Depreciation of properties is provided chiefly on a straight line basis over the estimated average useful lives of the various assets. Lives used for calculating depreciation rates for the principal asset classifications are as follows: buildings and improvements—10 to 50 years; machinery and equipment—3 to 20 years.

Intangibles Intangibles having limited lives are amortized on a straight line basis over their estimated useful lives up to a maximum of 40 years. Certain intangibles acquired prior to October 31, 1970 are considered to have an unlimited life and are not being amortized.

Income taxes Provision is made for deferred income taxes and future income tax benefits applicable to timing differences between book and tax income. Declining balance and guideline depreciation and the instalment method of income recognition generally are used in the determination of income for tax purposes where applicable.

Investment tax credits are applied to reduce income tax expense in the year the credit arises.

Provision is made for United States income taxes on earnings of foreign subsidiaries except for those earnings which are expected to be invested indefinitely.

Resort development Resort lot sales are accounted for on the instalment method until actual collection experience for a project indicates that collectibility of receivable balances is reasonably predictable, after which the accrual method is used. Under the instalment method, the gross profit less direct selling expenses related to the portion of the sales price which is not received in cash is deferred at the time of sale and recognized as cash is collected. In the opinion of management, at December 31, 1979, Dart's remaining active project does not qualify for the accrual method.

Interest and property taxes relating to land held for sale or improvement are charged to earnings as incurred. Land and improvements are valued at the lower of cost or estimated net realizable value.

Dart Industries Inc. and Consolidated Subsidiaries

Statement of Earnings and Retained Earnings

For the years ended December 31, 1979 and 1978

	1979	1978 (Restated)
Income:		
Net sales	**$2,403,266,000**	$1,833,161,000
Other income	**30,345,000**	30,150,000
	2,433,611,000	1,863,311,000
Costs and Expenses:		
Cost of goods sold, excluding depreciation	**1,414,547,000**	1,091,405,000
Selling, distribution and administrative expenses	**615,187,000**	425,174,000
Depreciation and amortization	**78,608,000**	66,111,000
Interest expense	**31,386,000**	23,195,000
	2,139,728,000	1,605,885,000
Earnings from operations, before unusual gain	**293,883,000**	257,426,000
Gain on disposition of Plastic Raw Materials business	**48,383,000**	
Earnings Before Income Taxes	**342,266,000**	257,426,000
Provision for income taxes	**170,600,000**	130,300,000
Net Earnings	**171,666,000**	127,126,000
Retained earnings at beginning of year	**588,913,000**	504,730,000
	760,579,000	631,856,000
Dividends:		
Preferred—$2 per share	**5,501,000**	5,873,000
Common—$1.80 and $1.60 per share	**42,409,000**	37,070,000
	47,910,000	42,943,000
Retained Earnings at End of Year	**$ 712,669,000**	$ 588,913,000
Net Earnings Per Share of Common Stock:		
Primary	**$7.04**	$5.19
Fully diluted	**$6.52**	$4.83

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Dart Industries Inc. and Consolidated Subsidiaries

Balance Sheet

December 31, 1979 and 1978

Assets	**1979**	1978 (Restated)
Current assets:		
Cash, including time deposits of $41,583,000 in 1979 and $26,895,000 in 1978	**$ 77,621,000**	$ 69,580,000
Marketable securities, at cost which approximates market	**166,311,000**	92,950,000
Total cash and marketable securities	**243,932,000**	162,530,000
Accounts and notes receivable, less allowance for doubtful accounts of $15,323,000 in 1979 and $13,291,000 in 1978	**299,431,000**	294,867,000
Inventories	**435,133,000**	409,568,000
Prepaid expenses	**18,966,000**	18,994,000
Deferred future income tax benefits	**48,600,000**	33,800,000
Total current assets	**1,046,062,000**	919,759,000
Resort development assets	**53,898,000**	51,712,000
Properties:		
Properties owned	**916,882,000**	978,431,000
Properties leased under capital leases	**20,950,000**	20,636,000
	937,832,000	999,067,000
Less accumulated depreciation	**364,647,000**	383,626,000
Total properties	**573,185,000**	615,441,000
Investments and other assets:		
3M Company common stock held in escrow for exchange by holders of 4¼% and 4¾% debentures, at cost (market value: 1979—$42,562,000; 1978—$53,467,000)	**35,162,000**	35,162,000
Other assets, receivables and investments	**78,349,000**	59,433,000
Goodwill and other intangibles, less amortization	**120,589,000**	114,568,000
Total investments and other assets	**234,100,000**	209,163,000
Total Assets	**$1,907,245,000**	$1,796,075,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Liabilities and Stockholders' Equity	**1979**	1978 (Restated)
Current liabilities:		
Amounts paid after yearend to complete purchase of P.R. Mallory & Co. Inc.		$ 65,680,000
Accounts payable	**$ 99,425,000**	108,619,000
Accrued compensation	**62,312,000**	61,076,000
Other accrued expenses	**158,508,000**	148,238,000
Short term loans, primarily foreign	**26,686,000**	19,785,000
Current instalments of obligations under capital leases	**774,000**	1,023,000
Current instalments of long term debt	**14,009,000**	9,832,000
Income taxes	**125,200,000**	72,300,000
Total current liabilities	**486,914,000**	486,553,000
Resort development liabilities	**13,489,000**	8,663,000
Obligations under capital leases, less current instalments	**12,666,000**	11,915,000
Long term debt, less current instalments	**270,831,000**	288,114,000
Deferred income taxes	**64,800,000**	68,000,000
Stockholders' equity:		
Preferred Stock, $5.00 par value Authorized, 15,000,000 shares Series A $2 Cumulative Convertible (aggregate liquidating preference in 1979—$125,665,000) Issued, 2,513,300 shares in 1979 and 2,958,000 shares in 1978	**12,566,000**	14,790,000
Common Stock, $1.25 par value Authorized, 100,000,000 shares Issued, 23,863,200 shares in 1979 and 23,373,900 shares in 1978	**29,829,000**	29,217,000
Capital in excess of par value	**305,028,000**	301,457,000
Retained earnings	**712,669,000**	588,913,000
	1,060,092,000	934,377,000
Less cost of reacquired shares of capital stock—Preferred—32,500; Common—700	**1,547,000**	1,547,000
Total stockholders' equity	**1,058,545,000**	932,830,000
Total Liabilities and Stockholders' Equity	**$1,907,245,000**	$1,796,075,000

Statement of Capital Stock

For the years ended December 31, 1979 and 1978

	1979		1978 (Restated)	
	SHARES ISSUED	**AMOUNT**	SHARES ISSUED	AMOUNT
Preferred Stock				
At Beginning of Year	**2,958,000**	**$14,790,000**	2,981,000	$14,905,000
Upon conversion into Common Stock	**(444,700)**	**(2,224,000)**	(23,000)	(115,000)
At End of Year, Including Reacquired Shares	**2,513,300**	**$12,566,000**	2,958,000	$14,790,000
Common Stock				
At Beginning of Year	**23,373,900**	**$29,217,000**	23,298,300	$29,123,000
Upon exercise of options	**44,600**	**56,000**	52,600	66,000
Upon conversion of Preferred Stock	**444,700**	**556,000**	23,000	28,000
At End of Year, Including Reacquired Shares	**23,863,200**	**$29,829,000**	23,373,900	$29,217,000

Statement of Capital in Excess of Par Value

For the years ended December 31, 1979 and 1978

	1979	1978 (Restated)
At Beginning of Year	**$301,457,000**	$299,655,000
Excess of option prices over par value of Common Stock issued upon exercise of options	**1,584,000**	1,669,000
Tax benefits arising from exercise of nonqualified options and disqualifying dispositions	**319,000**	46,000
Upon conversion of Preferred Stock	**1,668,000**	87,000
At End of Year	**$305,028,000**	$301,457,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Dart Industries Inc. and Consolidated Subsidiaries

Statement of Changes in Financial Position

For the years ended December 31, 1979 and 1978

	1979	1978 (Restated)
Working Capital Provided by:		
Net earnings	**$171,666,000**	$127,126,000
Items not affecting working capital—		
Depreciation and amortization	**78,608,000**	66,111,000
Deferred income taxes	**(3,200,000)**	9,200,000
Provided by operations	**247,074,000**	202,437,000
Increase in long term debt and capital lease obligations	**3,352,000**	5,728,000
Reduction of investment in resort development	**2,640,000**	1,284,000
Dispositions of properties, investments and other assets (includes $90,681,000 in 1979 related to the sale of Plastic Raw Materials business and Mallory Components Group)	**110,001,000**	21,440,000
Other	**1,959,000**	1,781,000
Total Working Capital Provided	**365,026,000**	232,670,000
Working Capital Used for:		
Acquisition of P.R. Mallory & Co. Inc., less working capital acquired of $99,805,000—		
Properties		97,840,000
Intangibles and other assets	**11,762,000**	110,096,000
Long term obligations		(56,163,000)
Properties acquired	**133,864,000**	99,131,000
Cash dividends paid—		
Preferred Stock	**5,501,000**	5,873,000
Common Stock	**42,409,000**	37,070,000
Decrease in long term debt and capital lease obligations	**19,884,000**	14,070,000
Other	**25,664,000**	12,949,000
Total Working Capital Used	**239,084,000**	320,866,000
Working Capital Increase (Decrease)	**$125,942,000**	$(88,196,000)
Changes in Components of Working Capital:		
Cash and marketable securities	**$ 81,402,000**	$(83,801,000)
Accounts and notes receivable	**4,564,000**	102,006,000
Inventories	**25,565,000**	98,519,000
Other current assets	**14,772,000**	5,163,000
Amounts paid after yearend to complete purchase of P.R. Mallory & Co. Inc.	**65,680,000**	(65,680,000)
Accounts payable	**9,194,000**	(34,070,000)
Accrued expenses	**(11,506,000)**	(69,147,000)
Short term loans, primarily foreign	**(6,901,000)**	(6,314,000)
Income taxes	**(52,900,000)**	(33,448,000)
Other current liabilities	**(3,928,000)**	(1,424,000)
Working Capital Increase (Decrease)	**$125,942,000**	$(88,196,000)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Notes to Financial Statements

Segment operating data

	NET SALES		OPERATING PROFIT	
	1979	1978	**1979**	1978
Direct Selling	**$ 727,643,000**	$ 664,433,000	**$190,160,000**	$185,803,000
P.R. Mallory* (Duracell)	**440,116,000**	34,645,000	**24,836,000**	1,378,000
Consumer Products	**270,888,000**	233,034,000	**28,997,000**	25,973,000
Chemical-Plastics†	**626,526,000**	596,424,000	**111,497,000**	47,047,000
Glass Containers	**320,000,000**	299,120,000	**34,641,000**	37,028,000
Resort Development	**34,758,000**	28,582,000	**4,635,000**	2,288,000
Adjustments and eliminations	**(16,665,000)**	(23,077,000)		
Corporate items			**(52,500,000)**	(42,091,000)
Consolidated	**$2,403,266,000**	$1,833,161,000	**$342,266,000**	$257,426,000

*P.R. Mallory was acquired late in 1978 and its operations for that year are included for the month of December only.

†Chemical-Plastics operating profit for 1979 includes $48,383,000 gain on disposition of plastic raw materials business.

Geographic operating data

United States
Western Hemisphere (outside the United States)
Europe and Africa
Pacific Area
Adjustments and eliminations
Corporate items
Consolidated

The various segments of Dart comprise principally the following products and services: **DIRECT SELLING**—*Tupperware* brand plastic food preparation, storage and serving containers; *Vanda Beauty Counselor* cosmetics and toiletries; and *Coppercraft Guild* giftware; **P.R. MALLORY**—*Duracell* brand alkaline, mercury and silver oxide batteries; Mallory electrical components (sold in July 1979); **CONSUMER PRODUCTS**—*West Bend* electric housewares and cookware; *Thermo-serv* insulated serving ware; *Syroco* home decorative accessories and giftware; **CHEMICAL-PLASTICS**—chemical specialties, plastic raw materials (sold in August 1979), decorative laminates, styro products, health care products, and plastic seals, closures and laminated tubes; **GLASS CONTAINERS**—glass bottles for sale to brewers, distillers, softdrink manufacturers and food processors; **RESORT DEVELOPMENT**—marketing of resort community homesites.

Net sales by segment and by geographic area include both sales to outsiders, as reported in Dart's statement of earnings, and sales from one segment to another or from one geo-

IDENTIFIABLE ASSETS		CAPITAL EXPENDITURES		DEPRECIATION AND AMORTIZATION	
1979	1978	**1979**	1978	**1979**	1978
$ 495,618,000	$ 436,478,000	**$ 44,799,000**	$36,021,000	**$22,859,000**	$21,270,000
357,859,000	385,453,000	**21,801,000**	802,000	**10,319,000**	894,000
141,815,000	131,314,000	**6,373,000**	3,956,000	**5,135,000**	4,903,000
297,928,000	374,238,000	**30,819,000**	31,963,000	**17,073,000**	19,040,000
211,354,000	188,866,000	**29,482,000**	25,006,000	**20,873,000**	18,753,000
54,354,000	51,777,000	**21,000**	14,000	**45,000**	83,000
(1,549,000)	(1,905,000)				
349,866,000	229,854,000	**590,000**	1,383,000	**2,304,000**	1,168,000
$1,907,245,000	$1,796,075,000	**$133,885,000**	$99,145,000	**$78,608,000**	$66,111,000

NET SALES		OPERATING PROFIT		IDENTIFIABLE ASSETS	
1979	1978	**1979**	1978	**1979**	1978
$1,785,975,000	$1,383,393,000	**$263,637,000**	$180,952,000	**$1,099,108,000**	$1,176,200,000
182,679,000	108,408,000	**29,310,000**	23,073,000	**158,946,000**	108,896,000
361,835,000	253,762,000	**67,017,000**	58,620,000	**213,863,000**	204,409,000
111,123,000	101,575,000	**34,802,000**	36,872,000	**85,878,000**	77,340,000
(38,346,000)	(13,977,000)			**(416,000)**	(624,000)
		(52,500,000)	(42,091,000)	**349,866,000**	229,854,000
$2,403,266,000	$1,833,161,000	**$342,266,000**	$257,426,000	**$1,907,245,000**	$1,796,075,000

graphic area to another. Sales between segments and between geographic areas generally are recorded on the same basis as sales to outsiders. Sales between segments aggregated $16,665,000 in 1979 and $23,077,000 in 1978 with the major portion thereof representing sales from the Consumer Products and Chemical-Plastics segments to the Direct Selling segment. Intercompany sales between geographic areas aggregated $38,346,000 in 1979 and $13,977,000 in 1978 with the major portion thereof representing sales from the United States to other areas. Export sales from the United States to outside customers are not significant.

Operating profit by segment and by geographic area represents revenue less operating expenses under the control of operating management. Corporate items include the cost of corporate staff functions, interest expense, foreign exchange gains and losses, and other expenses of Dart as a whole reduced by certain other income, mainly investment earnings.

Details of Balance Sheet	**1979**	1978
ACCOUNTS AND NOTES RECEIVABLE:		
Trade	**$289,440,000**	$284,179,000
Other	**25,314,000**	23,979,000
	314,754,000	308,158,000
Less allowance for doubtful accounts	**15,323,000**	13,291,000
	$299,431,000	$294,867,000
INVENTORIES:		
Raw materials and supplies	**$128,582,000**	$121,561,000
Work in process	**68,779,000**	62,314,000
Finished goods	**237,772,000**	225,693,000
	$435,133,000	$409,568,000
PROPERTIES, AT COST (excluding resort development assets):		
Land	**$ 17,834,000**	$ 21,099,000
Buildings and improvements	**265,919,000**	249,791,000
Machinery and equipment	**615,749,000**	687,631,000
Construction in progress	**38,330,000**	40,546,000
	937,832,000	999,067,000
Less accumulated depreciation	**364,647,000**	383,626,000
	$573,185,000	$615,441,000
LONG TERM DEBT, LESS CURRENT INSTALMENTS:		
Obligations of Dart—		
7½% Sinking Fund Debentures, due April 1, 1996, $60,000,000, less unamortized discount	**$ 59,846,000**	$ 59,829,000
4¼% Subordinated Debentures, due July 15, 1997 (exchangeable for 10.75 shares of 3M Company common stock per $1,000 debenture)	**60,000,000**	60,000,000
4¾% Subordinated Debentures, due August 15, 1987 (exchangeable for 10.1 shares of 3M Company common stock per $1,000 debenture)	**20,000,000**	20,000,000
Unsecured notes—		
4.042% to 5.75%, due in annual instalments to 1987	**23,955,000**	28,694,000
9⅞%, due in annual instalments to 1995	**41,600,000**	44,400,000
Other	**12,252,000**	21,391,000
Obligations of a subsidiary (P.R. Mallory & Co. Inc.)—		
8⅞% Sinking Fund Debentures, due 1996	**30,000,000**	30,000,000
9⅛% Sinking Fund Debentures, due 2003	**20,000,000**	20,000,000
Other	**3,178,000**	3,800,000
	$270,831,000	$288,114,000

Business combinations and dispositions

Dart acquired 75% of the outstanding common stock of P.R. Mallory & Co. Inc. during 1978 and by January 10, 1979 Dart had acquired substantially all of Mallory's common stock. The acquisition has been accounted for as a purchase transaction, and the consolidated statement of earnings and retained earnings includes the results of operations from November 30, 1978, the effective date of acquisition.

The total acquisition cost was $251,578,000, including $65,680,000 reflected as a current liability at December 31, 1978 which was paid in 1979 to complete the purchase. Estimated goodwill (excess of cost over fair value of net assets acquired) at December 31, 1978 was adjusted in 1979 to give effect to the amounts realized for the July 1979 sale of the Components Group business of Mallory by Dart for approximately $60 million and based on further analysis of the assets acquired and liabilities assumed in the purchase transaction. The revised goodwill amount of $113,475,000 is being amortized over a period of 40 years. In 1979 through date of sale, the Components Group accounted for net sales of approximately $93 million.

Pro forma results of operations of Dart and Mallory for 1978, assuming a January 1, 1978 acquisition date, would reflect net sales of $2,197,519,000, net earnings of $129,100,000, and primary earnings per share of $5.27 ($4.91 fully diluted).

Dart acquired two chemical specialty companies in 1979 in exchange for 165,000 shares of Dart Common Stock. These acquisitions have been accounted for as poolings of interests and, accordingly, the accompanying statements include the accounts of these businesses as of December 31, 1979 and for the year then ended. Comparative 1978 amounts have been restated to include these acquisitions.

In August 1979, Dart completed the sale of 90% of its one-half interest in a joint venture in olefins and polyolefins, and 100% of its one-half interest in a manufacturer of plastic film, for approximately $128 million. After deduction of related income taxes of $26,200,000, the net gain on the sale is $22,183,000, or 94 cents per share. These operations accounted for net sales of approximately $87 million in 1979.

During 1979, Dart disposed of certain other operations. Provision for the cost of these and other similar actions which are still in process was made in 1978 and aggregated $10,378,000, after related tax benefits, or approximately 45 cents per share.

In December 1979, the decision was made to restructure, sell or liquidate certain of Dart's minor operations. Provision for the cost of these actions totals $5,400,000, after related tax benefits, which approximates 23 cents per share.

International operations

A summary of accounts relating to foreign subsidiaries at December 31 (excluding intercompany accounts) follows:

	1979	1978
ASSETS:		
Current assets	**$306,229,000**	$262,054,000
Properties	**153,168,000**	138,724,000
Investments and other assets	**66,144,000**	36,044,000
Total assets	**525,541,000**	436,822,000
LIABILITIES:		
Current liabilities	**140,905,000**	136,251,000
Long term debt and deferred income taxes	**37,765,000**	35,787,000
Total liabilities	**178,670,000**	172,038,000
Net assets of foreign subsidiaries in consolidation	**$346,871,000**	$264,784,000

Net sales from operations outside the United States were $648,835,000 in 1979 and $459,350,000 in 1978. Exchange gains and losses were not material in either year. Undistributed earnings of foreign subsidiaries included in consolidation were $26,939,000 for 1979 and $10,048,000 for 1978 and aggregated $170,210,000 at December 31, 1979. Dart has not considered it necessary to provide for deferred United States income taxes in excess of available foreign tax credits on $162,160,000 of this total because it has been or is expected to be reinvested outside the United States for an indefinite period of time. Dividends of $36,820,000 in 1979 and $35,835,000 in 1978 were received from foreign subsidiaries.

Resort development operations

A summary of accounts relating to resort development operations at December 31 (excluding intercompany accounts) follows:

	1979	1978
ASSETS:		
Cash, prepaid expenses	**$ 319,000**	$ 347,000
Notes receivable, 6% to 9%	**65,392,000**	47,473,000
Unearned discount on notes receivable	**(8,908,000)**	(503,000)
Deferred profit on land sales	**(15,683,000)**	(14,779,000)
Land and improvements	**11,995,000**	17,920,000
Properties and other assets	**783,000**	1,254,000
Total assets	**$53,898,000**	$51,712,000
LIABILITIES:		
Accounts payable, accrued costs and expenses	**$13,489,000**	$ 8,663,000
Total liabilities	**$13,489,000**	$ 8,663,000

Principal collections on notes receivable are due in the five years subsequent to December 31, 1979 as follows: 1980—$5,148,000; 1981—$3,872,000; 1982—$3,072,000; 1983—$2,622,000; 1984—$2,659,000.

Total estimated costs to complete improvements relating to active projects, based on management estimates and engineering studies, amount to $4,100,000 and anticipated expenditures relating to such improvements are expected to be incurred as follows: 1980—$1,700,000; 1981—$2,400,000.

"Cost of goods sold" includes deferred profit on resort lot sales of $10,170,000 for 1979 and $9,328,000 for 1978. Profit, previously deferred, taken into earnings aggregated $4,662,000 for 1979 and $4,580,000 for 1978.

Income taxes

Income taxes charged to earnings consist of the following:

	1979	1978
PAYABLE CURRENTLY:		
Federal	**$114,300,000**	$ 66,200,000
Foreign	**50,300,000**	45,300,000
State	**24,000,000**	10,700,000
	188,600,000	122,200,000
TAX EFFECT OF TIMING DIFFERENCES:		
Federal	**(14,800,000)**	4,700,000
Foreign	**(1,000,000)**	2,900,000
State	**(2,200,000)**	500,000
	(18,000,000)	8,100,000
Provision for income taxes	**$170,600,000**	$130,300,000

The tax effect of timing differences, resulting from variances between accounting for financial statement purposes and accounting for tax purposes, is as follows:

	1979	1978
Depreciation	**$ (5,100,000)**	$5,500,000
Instalment sales	**(2,700,000)**	700,000
Accrued taxes and other expenses not deductible until paid	**(8,700,000)**	(400,000)
Provision for elimination, change or sale of certain operations	**(1,900,000)**	200,000
Provision for unrepatriated foreign earnings	**400,000**	2,100,000
Tax effect of timing differences	**$(18,000,000)**	$8,100,000

Income taxes charged to earnings differ from an amount computed using the United States federal income tax rate. A reconciliation between an amount computed using the statutory rate and the provision for income taxes is as follows:

	1979	1978
Amount computed using the statutory rate	**$157,400,000**	$123,600,000
Increase (reduction) in taxes result from:		
State taxes	**11,800,000**	5,800,000
Foreign earnings	**5,600,000**	4,900,000
Investment tax credit		(3,700,000)
Other	**(4,200,000)**	(300,000)
Provision for income taxes	**$170,600,000**	$130,300,000

Short term loans and borrowing arrangements

Short term loans are unsecured and aggregated a maximum of $63,772,000 and $19,828,000 at any monthend in 1979 and 1978, respectively. Weighted average borrowings and interest rates during the year were $31,201,000 and 16.8% in 1979 and $15,702,000 and 18.9% in 1978. At December 31, 1979 and 1978, the weighted average interest rates were 21.9% and 19.4%, respectively.

Lines of short term credit, primarily with United States banks, totaled $48,200,000 at December 31, 1979 and provide for unsecured ninety day loans generally at the banks' prime rates. Compensating balance requirements under these credit lines are not material.

In December 1979, Dart renegotiated its revolving credit agreement aggregating $125,000,000 with a group of eight banks on an unsecured basis. The agreement provides for borrowing at the prime rate or Dart may elect Euro-dollar pricing. Average commitment fees are less than one-half of one percent and there are no compensating balance requirements.

Long term debt

Total principal payments due on long term debt in the five years subsequent to December 31, 1979 are as follows: 1980—$13,314,000; 1981—$19,224,000; 1982—$14,312,000; 1983—$13,596,000; 1984—$12,334,000.

The 7½% Debentures are due April 1, 1996. Through the operation of a mandatory sinking fund, Dart is obligated to redeem $4,000,000 aggregate principal amount of these Debentures on April 1 in each of the years 1982 through 1995.

The 8⅞% and 9⅛% Sinking Fund Debentures are obligations of a subsidiary, P.R. Mallory & Co. Inc. Mandatory sinking fund redemptions aggregate $2,000,000 annually beginning in 1982 and increase to $3,000,000 annually beginning in 1988.

Retained earnings at December 31, 1979 included $380,000,000 available for cash dividends under provisions of Dart's loan agreements.

Stock options

1,103,500 shares of Dart Common Stock are reserved for options granted or available for grant to officers and employees under stockholder approved stock option plans. Options for 1,432,800 shares were exercised prior to 1979.

Under the plans, the option purchase price for all options granted is 100% of the fair market value of the shares on the date of grant. Options granted are exercisable in instalments after one year and before the end of five years or ten years depending on the nature of the option. Proceeds received from exercise of options are credited to the capital accounts.

During 1978, Dart's Board of Directors approved an amendment to the Stock Option Plan, subsequently approved by stockholders, to give stock appreciation rights to holders of certain options. Such rights allow the holders to elect to surrender these options for payment of an amount equal to the excess of the fair market value at the surrender date over the option price of the options surrendered. Compensation expense associated with these stock appreciation rights was $548,000 in 1979 and $1,169,000 in 1978.

A summary of changes in options outstanding during 1979 follows:

	OPTIONS OUTSTANDING		
	SHARES	PRICE RANGE	AMOUNT
At beginning of year	809,600	$21.21 to $46.69	$32,057,000
Options granted	35,000	$40.69 to $44.88	1,508,000
Options exercised	(44,600)	$21.21 to $44.92	(1,640,000)
Options canceled	(68,000)	$21.21 to $44.96	(2,127,000)
At end of year	732,000	$21.21 to $46.69	$29,798,000

At December 31, 1979, options for 424,800 shares of Common Stock were exercisable at prices ranging from $21.21 to 46.69 and 371,500 shares were available for grant.

Capital stock

During 1979, the stockholders approved an increase in the number of authorized shares of Common Stock and Preferred Stock.

Holders of the Series A $2 Cumulative Convertible Preferred Stock are entitled to receive $2 per share annual cash dividends, to one vote per share and, upon any voluntary liquidation, dissolution or winding up, to receive $50 per share plus accrued unpaid dividends. Each share of the Preferred Stock is convertible by the holder into Common Stock on a share for share basis adjusted for stock dividends in excess of 3% in any one year or for recapitalization. The Preferred Stock may be called for redemption at $55 per share plus accrued unpaid dividends.

Retirement plans

The contributory profit sharing retirement plan and the non-contributory pension plan together constitute the principal retirement program covering employees of Dart and certain of its United States subsidiaries who are not covered by a collective bargaining agreement or by another Company-sponsored retirement plan. Dart and its subsidiaries also have several pension plans covering substantially all of their employees not covered by the principal retirement program, including certain employees in foreign countries.

The contributions authorized and expensed under the Dart profit sharing plan amounted to $12,383,000 for 1979 and $10,870,000 for 1978. Pension expense for the non-contributory pension plans was $16,743,000 for 1979 and $12,992,000 for 1978 which includes, as applicable, amortization of prior service cost principally over a period of 30 years.

The aggregate Dart contribution to the profit sharing plan in any year is based upon consolidated earnings before federal income taxes, as defined, is limited to 6% of such earnings and cannot exceed the amount deductible for federal income tax purposes.

With respect to pension plans, Dart's policy is to contribute pension costs accrued. As of January 1, 1979, the date of the most recent valuation, the actuarially computed value of vested benefits, approximating $117,000,000 for all plans, exceeded the total of pension fund assets and accruals by $25,000,000. The total actuarially computed value of prior service cost relative to all pension plans in effect was approximately $80,000,000 at January 1, 1979. The actuarial basis for all significant defined benefit plans includes a 5% to 6% annual compound interest rate assumption, 1971 mortality tables and an average retirement age of 63 to 65 years. Total fund assets and accruals were measured at estimated fair value as of January 1, 1979.

During 1979, Dart increased the benefits for certain retirees who retired prior to 1975. This change had the effect of increasing the actuarially computed value of vested benefits by approximately $3,000,000.

Incentive compensation

Under the formula incorporated in Dart's stockholder approved Incentive Compensation Plan, the Incentive Compensation Committee and the Executive Committee of the Board of Directors awarded to 127 principal officers and key employees $4,217,000 ($3,318,000 for 1978) of the total of $11,162,000 available for 1979. No outside director participates in this plan.

Pursuant to stockholder authority, various other approved plans are in effect for divisions and subsidiaries of Dart. No principal officer or director participates in these plans. The above named committees awarded $8,565,000 ($7,527,000 for 1978) to 439 persons in these categories. The total amount available under the plans was $18,205,000.

Amounts available but not awarded under such plans are not available for future awards.

Capital expenditures

It is estimated that capital expenditures for 1980 will be about $165,000,000.

Earnings per share of Common Stock

Primary earnings per share are based on the weighted average number of shares of Common Stock outstanding during each period increased by the effect of dilutive stock options. Such increased average shares were 23,596,100 for 1979 and 23,366,100 for 1978. Net earnings attributable to Common Stock are after deducting Preferred dividend requirements.

Fully diluted earnings per share are based on the weighted average number of shares of Common Stock outstanding during each period, assumption of conversion of Series A $2 Cumulative Convertible Preferred Stock and assumption of exercise of all dilutive stock options. Such increased average shares were 26,347,600 for 1979 and 26,308,500 for 1978.

Supplementary earnings statement information

Charges to costs and expenses for the years ended December 31 included the following:

	1979	1978
Maintenance and repairs	**$69,849,000**	$57,126,000
Taxes, except income taxes:		
Payroll	**37,525,000**	31,165,000
Property, business and other	**13,521,000**	12,137,000
Advertising	**30,798,000**	12,782,000
Research and development	**14,237,000**	10,589,000

Obligations under capital leases

Dart has recorded as assets certain properties and property rights acquired under capital leases. The related discounted lease obligations are set forth separately in the accompanying balance sheet.

The current and long term portions of obligations under capital leases aggregating $13,440,000 represent future minimum lease payments under capital leases reduced to present value by deducting $8,945,000 as the amount representing interest. Future minimum lease payments, including amounts representing interest, are payable approximately $1,800,000 annually through 1984 and $13,400,000 in total thereafter.

Commitments and contingencies

Dart leases real estate, transportation equipment and other machinery and equipment under short and long term, cancelable and noncancelable lease agreements which generally provide for fixed monthly payments over the terms of the leases. Many leases require additional payments for property taxes, insurance and maintenance. Rental expense (reduced by sublease income of $2,482,000 in 1979 and $2,949,000 in 1978) totaled $45,003,000 in 1979 and $34,411,000 in 1978. Minimum rental commitments under noncancelable leases in effect at December 31, 1979, are payable as follows: 1980—$33,924,000; 1981—$18,621,000; 1982—$9,957,000; 1983—$7,708,000; 1984—$7,273,000; after 1984—$16,448,000. Future sublease rentals receivable total $5,100,000.

Dart is a defendant in certain suits in which substantial damages are claimed involving its former Rexall Drug operations. In addition, certain other law suits have been filed against Dart relative to its present and former operations. In the opinion of management and legal counsel, the ultimate disposition of the suits would not have a materially adverse effect on Dart's financial position or results of operations.

Unaudited interim financial information

	1979			
	FIRST QUARTER	**SECOND QUARTER**	**THIRD QUARTER**	**FOURTH QUARTER**
Net sales	**$573,482,000**	**$621,945,000**	**$567,408,000**	**$640,431,000**
Cost of goods sold	**355,285,000**	**380,143,000**	**336,963,000**	**342,156,000**
Earnings before taxes	**68,286,000**	**80,526,000**	**109,665,000**	**83,789,000**
Net earnings	**34,486,000**	**41,786,000**	**54,545,000**	**40,849,000**
Earnings per share of Common Stock:				
Primary	**1.41**	**1.72**	**2.25**	**1.66**
Fully diluted	**1.31**	**1.59**	**2.06**	**1.56**

	1978			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Net sales	$411,454,000	$482,114,000	$427,427,000	$512,166,000
Cost of goods sold	248,163,000	281,258,000	270,743,000	291,241,000
Earnings before taxes	52,561,000	79,263,000	51,972,000	73,630,000
Net earnings	27,431,000	39,793,000	27,172,000	32,730,000
Earnings per share of Common Stock:				
Primary	1.11	1.64	1.10	1.34
Fully diluted	1.04	1.51	1.04	1.24

Unaudited information on effects of changing prices

In order to present financial statement users with information which focuses on the effects of inflation, the Financial Accounting Standards Board has issued Statement No. 33, "Financial Reporting and Changing Prices." This Statement recognizes the difficulty of measuring the impact of inflation for comparison purposes and therefore offers alternative methods for displaying inflation effects. In Dart's opinion, Statement No. 33, although experimental in nature, represents a step toward increased awareness of inflation's detrimental impact in the business community.

The accompanying information reflects the application of constant dollar restatement on measurements of the current and past four years operations. The constant dollar adjustments are derived by restating cost of goods sold and depreciation and amortization to dollars whose purchasing power is equivalent to the average purchasing power of the dollar for 1979, as measured by the Consumer Price Index for All Urban Consumers (CPI-U). In accordance with Statement No.

33, net sales and other income, and all expenses other than those mentioned above, are assumed to have occurred proportionately in relation to the changing CPI-U over the course of the year. Consequently, these income statement items are assumed to be stated in average 1979 dollars in the primary financial statements. Cost of goods sold is adjusted by restating the historical cost of inventories consumed to average 1979 dollars.

Depreciation and amortization is adjusted to reflect the restatement of the historical cost of depreciable assets on hand during the year to average 1979 dollars. All restatements use the same estimated lives, salvage values, and depreciation methods used in the primary financial statements.

The purchasing power gain on net monetary items is also disclosed. This includes the purchasing power loss on Dart's monetary assets, such as cash and receivables, offset by the inflation benefit associated with the future liquidation of monetary liabilities using less purchasing power.

While management believes that constant dollar restatement is a positive step toward providing shareholders and the investment community with inflation related information, there are important qualifications regarding the accuracy of the new data. Constant dollar restatement uses the CPI-U as the base on which historical dollars are restated. The CPI-U encompasses a wide range of commodities, such as food, housing and fuel costs, in the United States and is not necessarily representative of changes in Dart's manufacturing costs. For simplicity, the rules call for the use of averages and a proportionate distribution of the timing of expenditures which can distort the data. Finally, Dart is a dynamic company, with a business base which is continuously evolving.

A summary comparing reported operations for 1979 with operations adjusted for general inflation follows:

	As Reported in the Primary Statements	Adjusted for General Inflation
Net sales and other income	**$2,433,611,000**	**$2,433,611,000**
Cost of goods sold	**1,414,547,000**	**1,462,000,000**
Selling, distribution and administrative expenses	**615,187,000**	**615,187,000**
Depreciation and amortization	**78,608,000**	**98,900,000**
Interest expense	**31,386,000**	**31,386,000**
Gain on disposition of Plastic Raw Materials business	**(48,383,000)**	**(48,383,000)**
Provision for income taxes	**170,600,000**	**170,600,000**
	2,261,945,000	**2,329,690,000**
Net earnings	**$ 171,666,000**	**$ 103,921,000**
Gain from decline in purchasing power of net amounts owed		**$ 33,600,000**
Net earnings per share of Common Stock:		
Primary	**$7.04**	**$4.17**
Fully diluted	**$6.52**	**$3.94**
Net assets at yearend	**$1,058,545,000**	**$1,226,300,000**

A five year comparison of selected financial data expressed in terms of average 1979 dollars, as measured by the CPI-U, follows:

	1979	1978	1977	1976	1975
Net sales and other income (in millions)	**$2,434**	$2,073	$1,944	$1,906	$1,747
Cash dividends per share of Common Stock	**$ 1.80**	$ 1.78	$ 1.20	$ .84	$ .77
Market price of Common Stock at yearend	**$37.12**	$42.72	$43.52	$43.03	$36.60
Average consumer price index (1967 = 100)	**217.4**	195.4	181.5	170.5	161.2

Report of Independent Accountants

Price
Waterhouse & Co.

606 South Olive Street
Los Angeles 90014

February 29,1980

To the Board of Directors and
Stockholders of Dart Industries Inc.

In our opinion, the accompanying consolidated financial statements on pages 28 to 43 present fairly the financial position of Dart Industries Inc. and consolidated subsidiaries at December 31,1979 and 1978, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.

Investor information

	1979			
	FIRST QUARTER	**SECOND QUARTER**	**THIRD QUARTER**	**FOURTH QUARTER**
Common Stock				
High	**43**	**46**	**48½**	**49⅝**
Low	**37¾**	**40**	**44**	**38**
Preferred Stock				
High	**42½**	**45¾**	**48½**	**49¼**
Low	**37¾**	**40**	**43¾**	**39¼**
Cash Dividends				
Common	**.45**	**.45**	**.45**	**.45**
Preferred		**1.00**		**1.00**

	1978			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Common Stock				
High	39¾	45⅞	49½	45⅞
Low	34	38¼	41¾	34½
Preferred Stock				
High	40	46	49½	45⅝
Low	35½	38⅞	41¾	34½
Cash Dividends				
Common	.40	.40	.40	.40
Preferred		1.00		1.00

Dart Industries' Common and Preferred Stocks are listed principally on the New York Stock Exchange under the symbols "D" and "DPr," respectively. Prices noted are based on the NYSE market prices. Dart Industries' Common Stock also is listed on the Boston, Pacific and London exchanges.

Dividend reinvestment plan

The Company offers a dividend reinvestment program for its Common Stockholders, which is administered through Morgan Guaranty Trust Company of New York.

Under the program, dividends are reinvested automatically at no cost to participating Stockholders for either the brokerage commission or a service charge. Participants may also purchase additional shares with periodic cash contributions. Full details on the program may be obtained by writing Morgan Guaranty Trust Company, P.O. Box 3506, New York 10008.

Management's Discussion and Analysis

Dart Industries' net sales and net earnings have increased in each of the past five years. Certain factors which contributed to recent past results, including changes in the Company's business base, are discussed below.

1979 Compared with 1978

Net sales in 1979 increased $570 million compared with 1978 with all operating segments contributing to the gain. Direct comparison between the two years requires consideration of the yearend 1978 acquisition of P.R. Mallory (Duracell) and several 1979 business dispositions.

Included in the 1979 sales increase are Mallory sales for the full year, whereas in 1978, Mallory sales were included for the month of December only. This accounted for $405 million of the 1979 sales increase. Non-battery operations of Mallory were sold in July 1979. Net sales for the Duracell operations, on a comparable basis with 1978, increased $78 million (29%).

Certain businesses which contributed to 1978 sales were sold or liquidated in 1979. This reduced 1979 sales by $60 million.

Net sales in 1979 for the balance of the Company increased $225 million (13%) compared with 1978. Direct Selling accounted for 37% of the increase, Consumer Products, 19%, Chemical-Plastics, 31%, Glass Containers, 10%, and Resort Development, 3%. Volume and changes in product mix accounted for $85 million (38%) of the sales increase and price increases accounted for $140 million (62%).

Net sales from operations outside the United States were $649 million, an increase of $190 million (41%) over 1978, and accounted for 27% of total Company sales. Duracell's international sales accounted for over two-thirds of this increase.

Cost of goods sold, excluding depreciation, increased $323 million (30%) compared with 1978, and totaled 59% of net sales in both years. In all operating segments, raw materials, labor, and overhead costs experienced inflationary pressures, which resulted in higher cost of goods sold. Higher costs impacted Thatcher Glass, Mallory, and various Chemical-Plastics operations most severely. Product price increases and more efficient production levels at the Company's continuing operations combined to keep the margin unchanged.

Selling, distribution and administrative expenses increased $190 million (45%) compared with 1978 and represented 26% of net sales compared with 23% in 1978. A majority of the increase is directly attributable to the inclusion of Mallory, with the remainder caused by normal inflationary cost increases.

Depreciation and amortization increased $12 million (19%) compared with 1978 and results from continuing high levels of capital expenditures and the addition of Mallory.

Interest expense increased $8 million (35%) from the prior year as a result of higher average short term borrowings and the addition of the Mallory debt.

Provision for income taxes increased $40 million (31%) compared with 1978, reflecting the improvement in earnings. The effective tax rate decreased from 51% to 50%, principally because of the lower United States statutory federal income tax rate. This was partially offset by the inclusion of a full year of non-deductible acquisition-related costs, increased state taxes, and the absence of any investment tax credit in 1979 (because of the recapture of credits associated with the businesses sold).

1978 Compared with 1977

Net sales in 1978 increased $232 million (14%) compared with 1977. All operating segments realized sales gains. Net sales from Mallory, included only for the month of December, accounted for $35 million (15%) of the total increase. Certain businesses which contributed to 1977 sales were sold or liquidated in 1978. This reduced the 1978 sales increase by $45 million.

Net sales, excluding Mallory and the impact of the sold or liquidated businesses, in 1978 increased $242 million (15%) compared with 1977. Direct Selling accounted for 47% of the increase, Consumer Products, 4%, Chemical-Plastics, 28%, Glass Containers, 16%, and Resort Development, 5%. Volume and changes in product mix accounted for $57 million (24%) of the sales increase and price increases accounted for $185 million (76%). Net sales from operations outside the United States were $459 million, an increase of $59 million (15%) over 1977, and accounted for 25% of total 1978 net sales.

Cost of goods sold, excluding depreciation, increased $140 million (15%) compared with 1977, and totaled 59% of net sales in both years. Margins in plastic raw materials were depressed due to weak pricing, production at less than efficient levels, and higher costs. Improvements in margins in other units offset these declines. The Glass Containers segment, where a four-week strike in 1977 depressed margins significantly, showed great improvement in 1978.

Depreciation and amortization increased $7 million (11%) compared with 1977 and results from continuing high levels of capital expenditures.

Interest expense increased $3 million (13%) from the prior year as a result of higher interest rates paid on short term borrowings.

Provision for income taxes increased $39 million (42%) compared with 1977, reflecting the improvement in earnings. The effective tax rate increased from 46% to 51% principally because of reduced investment tax credits and increased effective tax rates on foreign earnings.

Dart Industries Inc. and Consolidated Subsidiaries

Five Year Summary of Operations

(Dollar amounts in thousands except per share data)	**1979**	1978	1977	1976	1975
For the Year					
Net sales	**$2,403,266**	$1,833,161	$1,600,988	$1,476,240	$1,280,407
Cost of goods sold, excluding depreciation	**1,414,547**	1,091,405	951,062	876,401	787,474
Depreciation and amortization	**78,608**	66,111	59,423	52,422	46,228
Interest expense	**31,386**	23,195	20,512	16,768	14,484
Earnings before taxes	**342,266**	257,426	200,696	190,613	156,488
Provision for income taxes	**170,600**	130,300	91,500	89,000	77,500
Net earnings	**171,666**	127,126	109,196	101,613	78,988
Earnings per share of Common Stock					
Primary	**7.04**	5.19	4.46	4.14	3.16
Fully diluted	**6.52**	4.83	4.18	3.88	3.01
Cash dividends per share of Common Stock	**1.80**	1.60	1.00	.66	.57
Cash dividends paid Common Stock	**42,409**	37,070	22,787	15,045	13,041
Preferred Stock	**5,501**	5,873	5,902	5,908	5,910
Common Stock dividends	**—**	—	3%	3%	3%
Net earnings applicable to Common Stock after Preferred dividend requirements	**166,165**	121,253	103,294	95,705	73,078
Properties acquired	**133,864**	99,131	94,571	120,604	93,351
At Yearend					
Current assets	**$1,046,062**	$ 919,759	$ 795,037	$ 708,883	$ 609,238
Current liabilities	**486,914**	486,553	274,486	243,283	215,161
Working capital	**559,148**	433,206	520,551	465,600	394,077
Properties (net)	**573,185**	615,441	504,685	476,346	414,719
Total assets	**1,907,245**	1,796,075	1,440,236	1,326,479	1,190,687
Long term debt	**270,831**	288,114	238,716	241,188	214,133
Deferred income taxes	**64,800**	68,000	58,800	54,500	49,400
Stockholders' equity	**1,058,545**	932,830	846,013	765,077	683,776
Shares of stock outstanding Common	**23,862,500**	23,373,200	23,132,600	23,111,200	23,091,700
Preferred	**2,480,800**	2,925,500	2,948,500	2,953,500	2,953,900
Stockholders Common	**26,630**	27,630	28,789	30,231	31,141
Preferred	**4,319**	4,758	5,204	5,696	5,929
Employees	**31,227**	41,855	31,201	29,801	28,612

The shares of Common Stock outstanding, cash dividends per share and earnings per share for 1976 and 1975 have been adjusted retroactively to give effect to subsequent stock dividends.

Board of Directors

Dwayne O. Andreas, Chairman and Chief Executive Officer, Archer-Daniels-Midland Company; Director of Lone Star Industries, and White Motor Corporation

Curtis Barkes, Retired Director and Chairman of the Finance and Audit Committee, UAL, Inc.

Charles A. Barnes, Chairman of the Executive Committee, P.R. Mallory

Robert T. Beattie, Executive Vice President

Russell K. Bolton, Vice President and General Counsel

Donald H. Brewer, Retired Executive Vice President of the Company; Retired Vice Chairman of the Board of Directors

Edward E. Carlson, Chairman and Director, UAL, Inc.; Director of United Airlines and other UAL subsidiaries; Director of Deere & Company, First Chicago Corp., First National Bank of Chicago, Seafirst Corp., and Univar Corp.

Justin Dart, Chairman of the Board of Directors and Chief Executive Officer

Clark Daugherty, Executive Vice President and Chairman, P.R. Mallory

John P. Del Favero, Vice President; President, Chemical-Plastics Group

William T. Gossett, Counsel, Dykema, Gossett, Spencer, Goodnow & Trigg, Attorneys, Detroit, Michigan; Past President, American Bar Association; Director of One William Street Fund, Inc.; Chairman Emeritus, Executive Committee, Twentieth Century-Fox Film Corporation

Joseph Hara, Vice President; President, Tupperware U.S. and Executive Vice President, Tupperware International

Phillip D. Matthews, Executive Vice President, Finance and Administration, and Chief Financial Officer

Thomas P. Mullaney, President and Chief Operating Officer

Stanley M. Rumbough, Jr., Investments and business development; Director of International Flavors and Fragrances, Inc., and other Corporations

William E. Simon, Senior Consultant, Blyth Eastman Dillon & Co., Inc.; Director of Citibank and Citicorp, INA Corporation, and Xerox Corporation, Halliburton Co., and Power Corp. of Canada

Jacob W. Stutzman, M.D., President of Riker Laboratories, Inc., ethical drug manufacturer and a subsidiary of 3M Company

Holmes Tuttle, President and Director of Holmes Tuttle Enterprises; Director Emeritus of Trans World Airlines, Inc.; Director of Community Bank and Challenge-Cook Bros., Inc., Los Angeles, California

Hamer F. Wilson, Executive Vice President; Chairman, Direct Selling Group

Ralph Wilson, Jr., D.D.S., Vice President; President of Decorative Building Products sector, Chemical-Plastics Group

†**R.D. Ziegler,** President and Director of The Ziegler Company, Inc., financial services holding company, and Director of Western Publishing Company, Inc.

Directors Emeritus—John C. Cornelius; Alfred M. Gruenther

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†Resigned from Board February 6, 1980

Committees of the Board of Directors

PRINCIPAL COMMITTEES OF THE BOARD OF DIRECTORS ARE MADE UP OF A MAJORITY OF NON-MANAGEMENT DIRECTORS. THE COMMITTEES ARE AN IMPORTANT FACTOR IN MONITORING OVERALL CORPORATE PERFORMANCE.

Executive Committee

Justin Dart, Chairman
Curtis Barkes
*Donald H. Brewer
Edward E. Carlson
William T. Gossett
Thomas P. Mullaney
William E. Simon
Holmes Tuttle
Dale Reis, Secretary

The Executive Committee works directly with the Chairman and President in considering and advising on important policy matters affecting the corporation. The committee, which consists of six non-management directors and the Company's chairman and president, acts on behalf of the Board when the full Board of Directors is not in session.

Audit Committee

Curtis Barkes, Chairman
*Donald H. Brewer
Edward E. Carlson
William T. Gossett
William E. Simon
Holmes Tuttle

The Audit Committee, made up entirely of non-management directors, periodically meets with the internal and external auditors and recommends the firm of independent public accountants retained by the Company. The committee reviews the scope and adequacy of the Company's accounting and financial reporting policies, practices and internal controls and monitors compliance with the Company's code of ethics. It also reviews the scope of the independent accountants' examination and reviews and approves the financial statements included in the Annual Report.

Stock Option and Incentive Compensation Committee

Holmes Tuttle, Chairman
Curtis Barkes
*Donald H. Brewer
Edward E. Carlson
William T. Gossett

The Stock Option and Incentive Compensation Committee is comprised entirely of non-management directors, none of whom participate in any of Dart's management compensation programs. It is responsible for recommending to the Board salaries, incentive compensation, and stock option awards for senior management.

Nominating Committee

Justin Dart
Curtis Barkes
Holmes Tuttle

The Nominating Committee is responsible for recommending candidates for Board membership and Board committees, and officers of the Company. The committee consists of one management and two non-management directors.

*Retired as officer in 1977

Officers

Justin Dart, Chairman of the Board of Directors and Chief Executive Officer

Thomas P. Mullaney, President and Chief Operating Officer

Robert T. Beattie, Executive Vice President

Clark Daugherty, Executive Vice President; Chairman, P.R. Mallory

Phillip D. Matthews, Executive Vice President, Finance and Administration, and Chief Financial Officer

Hamer F. Wilson, Executive Vice President; Chairman, Direct Selling Group

Russell K. Bolton, Vice President and General Counsel

Walter Bond, Vice President; Executive Vice President, Tupperware International

Vincent R. Cucina, Vice President, Financial Planning

Elmer M. Davis, Vice President; President, Housewares division, Consumer Products Group

John P. Del Favero, Vice President; President, Chemical-Plastics Group

Garland K. Franklin, Vice President, Human Resources

F. William Graham, Vice President; President, Consumer Products Group

William H. Greenberg, Vice President; President, Glass Containers Group

Joseph Hara, Vice President; President, Tupperware U.S. and Executive Vice President, Tupperware International

Thomas M. Mullen, Vice President and Treasurer

William R. Palmer, Vice President and Controller

John C. Phifer, Vice President; President, Chemical Specialties sector, Chemical-Plastics Group

James P. Schwartz, Vice President; President, Styro Products sector, Chemical-Plastics Group

Peter G. Viele, Vice President; President and Chief Executive Officer, Duracell Worldwide Battery Group

Norman Wicks, Vice President, Corporate Relations

Ralph Wilson, Jr., D.D.S., Vice President; President of Decorative Building Products sector, Chemical-Plastics Group

Edgar Thedens, Secretary

Transfer agents and registrars

Morgan Guaranty Trust
Company of New York
New York, New York

Bank of America National
Trust and Savings Association
San Francisco, California

State Street Bank and
Trust Company
Boston, Massachusetts

A Special Message To U.S. Stockholders
From Justin Dart and Tom Mullaney

THE ISSUES FACING VOTERS IN 1980, REGARDLESS OF PARTY, ARE CLEAR:

- Inflation must be slowed
- Energy dependence on foreign sources must be reduced
- Military superiority must be reestablished

INFLATION IS CREATED IN WASHINGTON

ENERGY POLICIES AND MILITARY CAPABILITIES ARE DETERMINED BY THE CONGRESS OF THE UNITED STATES AND THE PRESIDENT

- These issues will be solved only by electing a responsible President and Congress

HOW CAN YOU DETERMINE WHO TO VOTE FOR?

- Forget the rhetoric
- Study the candidates' voting records

YOUR VOTE CAN:

- Control inflation
- Establish policies for less dependence on imported oil
- Revitalize our military might

VOTE FOR RESPONSIBLE CANDIDATES—REGARDLESS OF PARTY